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NEWS SUMMARY

GENERAL

No atom war 'by error' pledge

There is no danger of a nuclear war being triggered by mistake in the U.S. and British early-warning systems, Defence Secretary Francis Pym told the Commons.

Mr. Pym was asked about a second military alert in the U.S. in four days when a computer malfunction in the system had indicated a Russian missile attack.

He said in both cases tha error was detected very rapidly in exhaustive checking procedures. Labour MPs, many opposed to the stationing of Cruise missiles in the UK, expressed strong concern. Pages 11 and 5

New peace bid

Talks between Israel and Egypt over Palestinian autonomy will resume soon under U.S. mediation, Washington officials forecast. Cairo has agreed to send its Foreign Minister to negotiate. Page 4

Afghans attack

Moslem rebels battling the Soviet-backed Government have killed 10 Russian troops near the capital Kabul, a diplomat reported. Page 4

Olympic plea

Foreign Secretary Lord Carrington urged the British Olympic Committee to pull out of the Moscow Games "even at this late stage" to deny Russia a propaganda victory.

McNamara to quit

Robert McNamara is to retire from the presidency of the World Bank next year after 13 years of service, although his term is not due to end until 1983. Page 5

EEC 'candidate'

John Hume, leader of the Social and Democratic Party in Ulster, could be a candidate for the Presidency of the EEC Commission. Page 8

Killer captured

Convicted killer Robert Demoulpied, missing from Broadmoor mental hospital, was captured in Swansea after a PC recognised him despite his hippy-style clothes and a shaven head.

Beaton home sold

The 17th century home of designer and photographer Sir Cecil Beaton at Broad Chalke, near Salisbury, was sold to an undisclosed buyer for £225,000, at an auction. Saleroom, Page 8

Drinks problem

Employers and trade unions should unite to beat the problems of alcoholism which has reachad "epidemic proportions," affecting 740,000 people, Health Secretary Patrick Jenkin said.

Hearty meal

Heart - transplant patient Andrew Paterson was still "very weak" but bad his first meal since his operation at Papworth hospital near Cambridge on Wednesday.

Briefly . . .

RAF helicopter took off following a distress call from Motorola in the Observer Transatlantic yacbt race.

West Indies were 109 for 2 in the second innings of the First Test, and need 99 runs to win.

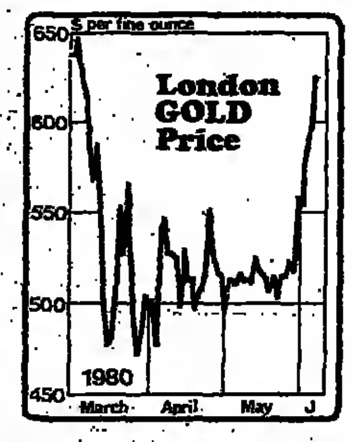
Two Soviet cosmonauts returned to earth after four days in an experimental Soyuz spacecraft.

Evita, the British musical based on Argentina's Eva Peron, won seven Tony awards in New York.

BUSINESS

Gold up $25 as dollar weakens

● GOLD rose $25 in London to $626, reflecting a switch of funds from U.S. securities and the weak dollar, which lost ground against most currencies



in trading dominated by interest rate movements, closing at DM 1.7625 (DM 1.7720) and SwFr 1.6225 (SwFr 1.6370). The trade weighted index fell from 83.7 to 83.0. Page 30; mining news Page 29

● STERLING was firmer all round, but strongest against the dollar, closing at $2.3510, a rise of 1.9c. The trade weighted index rose to 73.9 (73.7). Page 30

● GILTS improved on revived overseas demand. The Government Securities Index was up 0.49 at 68.22. Page 38

● EQUITIES: Mixed views on near term domestic interest rates failed to dampen recent optimism, and the FT 30-share index finished up 5.9 at 434.4. Page 38

● WALL STREET was 0.09 down at 861.43 before the close. Page 36

● BANK for International Settlements called on governments to implement incomes policies to curb inflation. Back Page; slow growth and rising unemployment forecast, Page 2

● WEST GERMAN Chancellor Helmut Schmidt called for a more balanced devision of EEC costs, noting that this would mean change in Commnnity farm policy. Back Page

● RETAIL SPENDING started to fall in March and April, making likely a sharper High Street price war. Page 8

● CONSTRUCTION companies can expect a widespread decline in workload for at least the next three years, say latest industry forecasts. Page 7

● INFORMAL talks between the TUC and the Central Electricity Generating Board on the inter-union dispute at the Isle of Grain power station construction site were continuing yesterday evening.

● BRITISH GAS has concludad a pay deal for 58,000 white-collar staff worth 25 per cent, union leaders said. Back Page

● UNION delegatea representing most white-collar NHS staff mandated negotiators to order any indnstrial action they feel necessary over pay. Page 10

● MINERS are likely to make a pay demand of about 35 per cent early in the next pay round. Page 10

● BP MINERALS will take a 50 per cent stake in Norway's only zinc smelter, Norzinc, if the Norzinc Board and Norwegian authorities approve the deal. Price is reported to be around $12m.

● ASSOCIATED British Foods Group increased pre-tax profits by £19.8m to £98.7m in the year to the end of March. Sales went ahead from £1.82bn to £2.15bn. Page 24; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Exch. 11¾pc 1984 ...	£93 1/16	+ 11/16
Treas. 11¾pc 2003-07	£90¾	+ ⅞
Assoc. British Foods	98	+ 5
BPB	190	+ 6
Barr (A. G.)	133	+ 7
Blue Circle	330	+ 6
Brown (N.) Invs.	32	+ 5
Blumer (H. P.)	169	+ 6
Ferranti	533	+ 28
GUS "A"	396	+ 8
Hall (M.)	220	+ 18
Laganvale Ests.	45	+ 4
Metal Box	270	+ 8
Michael (J.)	24	+ 6
Pilkington	198	+ 8
Rank Org.	192	+ 6
Saatchi & Saatchi	170	+ 7
600 Group	55	+ 3
Smith Brothers	32	+ 5
Tube Invs.	260	+ 8
Vickers	126	+ 5
Wood (A.)	26½	+ 5½
BP	364	+ 14
Ashton Mining	142	+ 5
Aust. Cons. Mins.	19	+ 3
Cons. Gold Mines	494	+ 8
East Drie.	£11¼	+ ¼
Gold M. Kalgoorlie	364	+ 8
Poseidon	192	+ 4
RTZ	394	+ 7
Samantha	113	+ 5
South African Land	370	+ 27
Welkom	627	+ 38
Whim Creek	108	+ 12
FALLS:		
Dundonian	74	− 7
House of Fraser	136	− 5
Martin (A.)	38	− 11
Owen Owen	108	− 6
Wimpey	85	− 4
Cent. Pacific Mines	£28	− 1¼

Prices index shows raw material costs for industry easing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PRESSURE on Industry from risiog raw material costs bas eased considerably compared with last year, in spite of a further increase in crude oil prices.

Earlier raw material cost increases, together with recent bigh pay awards, still result in a relatively rapid ratc of increase in wholesale output prices for manufactured products, though there are slgns that the worst may be over.

The wholesale price indices publisbed yesterday by the Department of Industry are the most encouraging news about inflation for some time.

In May cost of manufacturing industrys raw materials and fuel fell by 0.9 per cent, while its prices rose by 1.2 per cent, smallest monthly increase since December.

The implication that the underlying rate of price inflation may he at, or approaching, a peak is supported by the recent Confederation of British Industry trends inquiry.

This sbowed a sharp fall in the proportion of companies expecting to raise their domestic prices in the next four months to the lowest level for over 18 months.

The fall may have reflected both an easing of materials cost pressures and growing competitive restraints on price increases, as a result of the recession and the stroog pound.

WHOLESALE PRICES (1975=100)

		Materials and fuel purchased	Output (Home sales)
1979	1st	153.4	161.6
	2nd	163.3	168.0
	3rd	169.9	176.4
	4th	183.9	181.8
1980	1st	197.2	191.4
	Jan.	193.5	188.5
	Feb.	197.6	191.5
	March	200.4	194.3
	April*	202.4	197.0
	May*	200.6	199.3

* provisional
Source: Department of Industry.

The latest figures support the general view that the 12-month rate of retail price ioflation, likely to peak near or sligbtly over 23 per cent this month, could be about 18 per cent at the end of this year, partly because of the absence of the VAT price rise from the comparison.

The publication of the wholesale indices underpinned gilt-edged prices, already firm in view of increasing optimism about an early cut in minimum leodiog rate. There was a further fall in interest rates on loans of three months and longer on the money market yesterday.

The small fall ln industry's raw material costs last mooth was largely the result of a near-4 per cent rise io average value of the pound against the dollar. This reduced the starling cost of imported commodities, despite the rise io price of crude oil, though roughly balf the impact of the latter has still to work through.

Excluding oil, equivalent to about a qnarter of the index, prices of other materials dropped by 1¾ per cent last month, mainly because of lower metals prices.

The result of the fall in the overall cost index from 202.4 to 200.6 (1975=100) has been to reduce the 12-month rate of increase from 26 to 23.2 per cent compared with a peak of over 29 per cent in Marcb.

The costs index has increased by 7.9 per cent in the last six months, compared with a 9.7 per cent increase in output prices over the same period.

The output price index rose by 18.8 per cent to 199.3 (1975 =100) in the year to May, compared with a rate of just over 19 per cent in April.

Retsile sales figures, Page 8

BIS urges governments to stick to 'restriction'

BY DAVID MARSH

A STRONG call for governments to implement incomes policies as part of their general efforts to curb inflation has been made by the Bank for International Settlements.

The BIS says that the acceleration of inflation and the large rise in oil prices, confronts the industrialised world with no alternative but to stick to restrictive monetary and fiscal policies.

But in a policy recommendation seen as being directed specifically at Britain, the BIS says that such measures need to be supplemented by incomes policies, in a form appropriate to indivdual circumstances.

In its annual report, published yesterday, the BIS makes a number of polite but sceptical references to Britain's economic policies. Commenting on the Government's plans to reduce public spending and monetary growth in spite of this year's forecast sbarp fall in output, it says "economists and policy-makers bave for once been offered the possibility of observing an experiment akin to those always available in the natural sciences."

The report also contains a thinly veiled criticism of Britain's doubling of VAT last year, which it says may have aggravated wage inflation during the past winter.

In a clear warning to the British, French and Italian authorities, wbose currencies have enjoyed remarkable strength during the past year or so, the BIS says that countries with above average inflation rates cannot avoid depreciation o ftheir currencies over the louger run.

It suggests that countries wbose exchange rates are appreciating for reasons unrelated to fundamental factors, should take a firmer hand in intervening to stabilise exchange rates.

Although the BIS does not mention any specific countries, this could well be seen as a suggestion for greater intervention by the Bank of England, which intervened only on a modest scale in recent months to break the sharp appreciation of sterling.

The BIS which is owned by the world's top central banks paints a generally gloomy picture of the world's economic outlook. The industrialised countries face a period of "painfully slow growth" and high

Continued on Back Page
Editorial Comment, Page 22.

Fewer mortgages expected

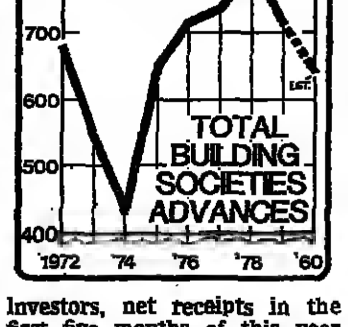
BY MICHAEL CASSELL

THE NUMBER of mortgages provided by building societies in 1980 is expected to fall to the lowest level since 1974.

The societies at one stage expected to grant more than 800,000 home loans this year, but latest estimates suggest the total will not exceed 650,000. Last year the societies arranged 715,000 mortgages and io 1978 the figure reached a record 802,000.

The disappointing performance is due to a relative shortage of funds for lending and what appears to be a significant weakening in demand for mortgage finance. House price inflation, though now much less marked, will also have an impact on the number of loans made.

The building societies tend to be less successful wben interest rates in the economy are bigh and, despite record rates now being offered to their own investors, net receipts in the first five months of this year were more than £300m lower than in the same period last year. Receipts in May reached a little over £200m and may fall this month.



Though the societies still cannot meet the demand for loans they believe large numbers of potential borrowers have been put off by the high mortgage rate and by uncertainties about the proapects for real incomes.

The current level of demand is such that many societies believe they will find it difficult to push the number of mortgage advances much beyond 700,000 this year, regardless of the funds available for lending.

The outlook partly explains the societies' readiness to maintain their present interest rate structure rather than seek to raise more funds by pushing rates even higher.

Some executives believe that if Minimum Lending Rate falls later in the year and the societies take the opportunity to establish a truly compeitive edge over other deposit-taking institutions, they should be abla to meet all mortgage demands at least temporarily.

Saudis urged to cut oil output

By Richard Johns in Algiers and Andrew Whitley in Tehran

SAUDI ARABIA came under heavy pressure to cut its oil output when the Organisation of Petroleum Exporting Countries started its Ministerial conference in Algiers yesterday.

The pressure came as evidence mounted that the high level of Saudi output — 9.5m barrels a day — is causing the international oil market to weaken.

Iran, one of OPEC's pricing hawks, has been quietly cutting its premium rates by amounts ranging up to $3 a barrel. Significant discounts are also being offered on refined fuel oil because of the high stocks which have built up in recent months.

Algeria gas price war. Page 4.
Iranians on trade mission to India. Page 6.
Veba oil recovery. Page 34.

Diplomats in Tehran say two tanker-loads of Iranian crude hound for India were sold last week at between $32 and $33 a barrel. This compares with the official price of $36 for Iranian light oil. Turkay and South Korea bave also received supplies at reduced prices.

The surplus of supplies on the world market is believed ln Tehran to have induced Iran to cut surcbarges of up to 2.50 a barrel included in the $35-$36 a barrel official selling price. A reduction of 62.5 cents a barrel is said to apply to all companies currently lifting Iranlan oil.

Before leaving for the OPEC conference Mr. Ali Akbar Moinfar, the Iranian Oil Minister, said controlling oil exporters' production levels would be his maio concern. On his arrival ln Algiers he said Saudi Arabia should cut its output to "the same as they bad before the Islamic Revolntion in Iran—that was 7.8m barrels a day."

SEaudi Arabia has yet to decide wbether to maintain its present level of output. It is believed in Algiers that it will do so but its decision may depend on tbe outcome of the Algiers conference and the chances of a compromise on a unified base price.

The OPEC leaders started their meeting with a difference of up to $8 a barrel in prices of Middle East Light crude of comparable qualities. Saudi Arabia, the leading OPEC moderate, is charging $28 a barrel for its ligbt marker oil, following the $2 a barrel increase last month.

Mr. Belkacem Nabi, the

Continued on Back Page

POLITICAL CHALLENGE TO LABOUR

Jenkins may launch new centre party

BY RICHARD EVANS, LOBBY EDITOR

MR. ROY JENKINS moved closer yesterday to raising his standard as leader of a new ceotre political party next year when be retires as President of the European Commission.

In a significant speech, to parliamentary journalists at Westminster, the former Labour Deputy Leader underlined his disencbantment with tbe present state of British party politics and again advocated a fundamental realignment.

But, tantalisingly, he did not declare a specific intention to break away from the Labour Party and to form a new party. Plans are undonbtedly being prepared by close colleagues of Mr. Jenkins, but they will not be launched until the domestic political scene becomes clearer.

Much will depend on developments among tha warring factions inside the Labour Party particularly at the October conference when arguments on constitutional changes, relations with the EEC and defence policy will come to a bead.

Present indications are that Mr. Jenkins would receive minimal support from Labour MPs for the setting up of a new radical-centre party, and none of the more important figures such as Mrs. Shirley Williams, Dr. David Owen and Mr. William Rodgers, would consider joining at present.

But Mr. Jenkins believes that the Conservative, Labour and the Liberal parties have relatively such limited support that there is a vast reservoir of public backing to be tapped. He also believes that enough money could be available from individuals to overcome the need for financial assistance from either the trade unions or industry.

He gave no indication of how he believes his future relations mlgbt develop with Mr. David Steel and the Liberal Party. There might be a hope of some form of electoral pact with the Liberals should a new party be formed. But premature proposals would bring an immediate bostile reaction from Liberal activists.

Mr. Steel, interviewed on BBC Television's Nationwide programme last night said he proposed to continue discussions be was having with Mr. Jenkins on the basis of principles and policies, whicb were capable of "pulling Britain together again." If Mr. Jenkins was willing to help in that process, he believed his support ahould he enlisted.

He argued that if Mr. Jenkins were to return to UK politics, he should not be ignored by the Liberal Party. If the Liberals were to grow, they would have to attract new people, and if they could win people of the calibre of Mr. Jenkins, this would give them considerable boost.

Mr. Jenkins, due to retire as Commission President on January 6 next year, clearly sees a future for bimself in British politics although he played down bis expectations. "I expect nothing from British politics. I am not searching restlessly and demandingly for a role or a job," he declared.

But he spoke with passion about the need for a new realignment and attacked scornfully, the lurches to the Left being taken by the Labour Party.

Nine days ago (at the Wembley Special Labour Party conference) Labour had adopted policies, which would make British membership of NATO meaningless, withdrawal from the Common Market probable and a massive extension of public ownership likely.

Likening his hopes for a new party to an aircraft, he conceded that the experimental plane could finish up a few fields from the end of the runway . . ." but the opposite could occur and the experimental plane could soar into the sky. If that were so, it could go further and more quickly than few now imagine, for it would carry with it great and now untapped reserves of political energy and commitment."

Parliament, Page 10
Editorial Comment, Page 22

Barclays in bureau scheme

By Michael Lafferty

BARCLAYS BANK is to provide summer tourists and travellers with a Saturday bureau de change service at nine centres throughout England.

All branches covered will be operated by volunteer staff, following an agreement between the bank and the Barclays Group Staff Association.

The London branches involved in the scheme will open from 10 am until 3 pm every Saturday from June 21 to August 30.

CONTENTS

For latest Share Index 'phone 01-246 8026

Communists suffer in Italian local elections

BY RUPERT CORNWELL IN ROME

THE ITALIAN Communist Party suffered e significant reverse in last weekend's regional and local elections, which are providing further evidence of a shift in the country's political mood to tha right.

On the basis of early predictions last night, the Communist share of the vote dropped to 31.3 per cent from 33.5 per cent at the last regional poll in 1975, and an equivalent figure of 31.8 per cent for the general elections exactly a year ago.

The ruling Christian Democrats, according to returns gathered from 194 communes (local councila) up and down the country, raised their vote to 37 per cent from 35.3 per cent in 1975, wbile the Socialists, now back in government after a six-year absence, boosted their support to 12.7 per cent from 12 per cent five years ago.

Although the results confirm the stability of the Italian electorate, leading politicians were concluding last night that the poll would strengthen the current coalition of Christian Democrats, Socialists and Republicans. For tha vote, although it was formally to re-elect 15 regional governments and administrations in 86 provinces and 6,575 communes throughout the country, was above all national in character.

At the same time, the results have so far provided no proof of a surge in support for the extreme right-wing MSI, despite the general apathy and disgust with politicians discernible in the electorate before the vote. With around 6 per cent of the vote, the MSI waa running slightly up on its 1979 performance, but below that of 1975.

For the Communists, the vote's early patterns offer two lessons, neither encouraging.

The main tough lina of the Communist Party against the government of Sig. Francesco Cossiga, to the extent of pressing for his parliamentary "impeachment" for allegedly ebetting the flight of the wanted terrorist suspect, Sig. Marco Donat Cattin, has clearly not paid great dividends.

Equally, the projections suggest that some of the left-wing administrations in major Italian regions and cities born in 1975 may be in jeopardy. These include the regions of Piedmont, Lazio, and possibly Liguria, and the municipalities of Turin and Naples, although a clearer picture is unlikely before early today.

Much will depend on the attitude of the Socialist Party as junior partner in these "Red" juntas. The strong showing of the Socialists almost certainly has been greatly aided by the non-participation of the Radical Party, which won 3.4 per cent of the vote in the 1979 general election.

But the big improvement in the Socialist Party's performance from the 9.9 per cent of 1979 can only strengthen the hand of Sig. Bettino Craxi, the party secretary, in his running battle with the Socialist left, keen on closer ties with the Communists.

The final turnout of voters was 88.5 per cent of the registered electorate

Sig. Cossiga: Pressure for impeachment.

Support for Soviet explanation of anthrax outbreak

BY DAVID SATTER IN MOSCOW

MYSTERY SURROUNDING an outbreak of anthrax in Sverdlovsk, an industrial city in the Ural Mountains, last year bas deepened following the first direct reports from residents in the area.

Several of their accounts, including one from a man wbo said a relative had fallen ill with the disease, provide the first independent support for the official Soviet explanation that the outbreak occurred because of contaminated meat products.

Passengers I met during a recent journey on the trans-Siberian express and people from Shadrinsk, a city of 80,000, wbo have relativea in Sverdlovsk, bave told me that the disease was spread through the sale of meat to city dwellers by villagers from the surrounding countryside.

A resident of a city near Svedrlovsk, said in a conversation on the train that cows became ill after grazing on grass growing over the site of a 50-year-old burial ditch wbere the carcasses of animals infected in earlier outbreaks bad been buried.

The cows were slaughtered for meat which was then sold to Sverdlovsk residents, including a relative of the traveller. The relatve became ill but recovered after rapid medical treatment.

However, the chief doctor at a clinic in Shadrinsk, 100 miles from Sverdlovsk, bas said she was never informed of an anthrax epidemic in the area as would bave been normal bad a natural outbreak of the disease been involved.

The U.S. said earlier this year that the outbreak of anthrax in Sverdlovsk in April, 1979 might bave been the result of an accident at a secret germ warfare plant in the city. Reports which reached the West by way of Moscow residents said that the accident caused bundreds of deaths.

According to the version of events now told to me, collective farmers in the villages were ordered to throw eway the meat wbicb they bad produced for sale once the contamination was discovered. Cows in at least one village were exterminated. Unfortunately, dogs and cats fed on the meat which was disposed of carelessly and spread the disease further.

One traveller aaid that leaflets appeared in Sverdlovsk warning people not to buy meat from collective farmers and warnings against anthrax contamination were broadcast and published in the Press. Dogs and cats in nearby villages were destroyed. Some people became ill but there were few desths and no quarantine, be said.

Reports which started to reacb Moscow last year said that the anthrax onthreak was caused by a leak at a factory which had been well known as a secret military installation.

According to these reports, which were unconfirmed, bundreds of persons died and an entire area of Sverdlovsk was cordoned off. One recent report from a Soviet emigré said that a Soviet military commander committed suicide over the leak at the plant.

French doubts on current account target

BY TERRY DODSWORTH IN PARIS

FRANCE'S BALANCE of payments went into sucb a sharp decline in tbe first three months of the year that doubts have been raised about the country's ability to limit its corrent account deficit for 1980 to the official target of abont FFr 22bn (£2.27bn).

This figure was given by M. Raymond Barre, the Prime Minister, earlier in the year, when it became clear that the increase in oil prices would drive the country into the red.

In the first quarter, however, the payments deficit reached about balf of M. Barre's target at FFr 10.4bn.

The Government believes that the rate of growth in the deficit will decline substantially in the second balf of the year because the expected slowdown in business activity should lead to an improvement on the trade eccount.

Such a fall in activity, which is suggested in most of the current forecasts, would mean lower imports both of oil and of the capital goods which have been sucked in to keep French industry moving.

At the same time, the tougher conditions in overseas markets should lead to increased efforts by French companies to substitute their own products for imports within France itself.

The first quarter current deficit compares with an overall favourable balance of FFr 6.2bn, last year, when France's exports of services more than bridged the trade deficit of around FFr 10bn.

In the first three mooths of this year, however, the trade deficit bas risen to reach about FFr 12bn seasonally adjusted compared with FFr 4bn in the same period last year.

The main culprit for this increase was the rising cost of oil imports, whicb went up to some FFr 7bn nett. Industry also suffered from a lower growth in exports. At the same time, the contribution of invisibles to a current account also declined, coming to about FFr 5.4bn against FFr 7bn for the same period last year.

Danish vote averted

By Hilary Barnes in Copenhagen

DENMARK'S MINORITY Government averted a vote of no confidence in Parliament yesterday when it suceeded in winning support for a counter-motion expressing approval for its economic policy.

The Government's position was threatened when the opposition launcbed an attack on Mr. Poul Nielson, the Energy Minister, for bis bandling of an oil contract with Saudi Arabia. It has now promised Parliament greater control over future government-to-government oil deals.

Community reluctance on OPEC funds

By John Wyles in Luxembourg

EEC FINANCE Ministers concluded here yesterday that the Community could play enly a limited role in recycling the huge financial surpluses being built up by the OPEC oil-producing countries.

But they agreed, nevertheless, to commission further studies of possible initiatives the Community could take which might help the non-oil producing less developed countries cope with their mounting balance of payments problems.

The EEC's monetary committee, made up of representatives of the Nine's central banks and Treasuries, has been asked to examine whether the Community could do more for third countries through its existing loan instruments such as the European Investment Bank or by extending others which at the moment serve only Community members.

Other points which the committee has been asked to examine include the problems of surveillance necessary to ensure that recipients of any Community loans were making appropriate efforts to adjust to their structural problems.

In addition, the committee will do further work on the possibility of so-called "triangular" arrangements whereby the Community could borrow from OPEC oil prodncers and then lend on to less developed countries. In this context they may also consider whether the European Currency Unit might have a role to play.

Generally, as Sir Geoffrey Howe, the Chancellor of the Exchequer, made clear last night, the Ministers believed that the main responsibility for tackling the recycling problem must remain with the international financial institutions, such as the International Monetary Fund and the World Bank, and with the international financial market.

This is one of the conclusions of a preliminary paper prepared by the monetary committee which was the basis for yesterday's discussions. Each Finance Minister will now report back to his head of government.

Red tape could slow Britain's EEC rebate

BY MARGARET VAN HATTEM IN BRUSSELS

BRITAIN'S bard won rebate from the EEC budget is becoming increasingly tangled in Community red tape and could take much longer to flow back to the UK than some had foreseen.

According to EEC Commission officials, the bulk of the rebate for 1980 will come from the 1981 budget which, they say, implies that most of the 1981 rebat ewill have to come out of the budget for 1982, the year the Community is expected to run out of money. But, the officials say, there has been surprisingly little pressure from the British Government for a faster rate of repayment.

The EEC Commission confirmed yesterday that in revising the Community's 1980 bndget (to take into account last month's agreements on Britain's budget contribntion and on EEC farm prices), it had proposed that this year the UK should receive only 300m ECU ($425m), of the 1.17bn ECU rebate to which it is entitled.

Some Commissioners are believed to have pressed for twice this amount, but to have been outweighed.

More could be allocated this year should a supplementary budget be drawn up, but most of the rest is expected to be included in the 1981 budget. At this stage, it is uncertain bow much will be paid before the 1980-81 British financial year ends next March. According to some forecasts, it may not be much more than half.

UtxMoSf shrdlu cmfwyp vbgk

This would include 370m ECU from the so-called financial mechanism (Britain is entitled to 75 per cent of the 500m ECU at the start of the year, the remainder halfway through the year), plus this year's 300m ECU and whatever could ba allocated in next year's budget for the first three months of the year.

The speed at which the money flows through will depend largely on the speed at which spending programmes can be approved.

Health watch on asbestos and lead working agreed

BY JOHN WYLES IN LUXEMBOURG

EEC GOVERNMENTS agreed here yesterday to introduce legislation within four years requiring compulsory bealth surveillance of workers exposed to asbestos and lead.

At the same time, EEC Ministers responsible for employment and social affairs, undertook to introduce regulations within three years which would ensure that workers exposed to five substances are informed about their hazards. They are cadmium, mercury, arsenic, asbestos and lead.

Yesterday's adoption of a draft directive covering health surveillance and warnings means that each member state will undertake to meet the agreed standards through national legislation within the specified period. Originally, the Commission proposed an 18-month deadline for introducing the monitoring of workers' health after contact with asbestos and lead, but the UK, supported by Ireland, insisted on longer.

Not all states will bave to take action on the provision of information on the five dangerous substances because the UK, for exampla, already requires employers to pass on such information.

Responding to several months of pressure from European unions, the ministers also adopted yesterday e long resolution on "guidelines for a Community labour market." In essence this amounts to little more than agreement on what a labour market policy should be in terms of providing training and matching job seekers with availabla employment.

BANK FOR INTERNATIONAL SETTLEMENTS Annual Report

Industrial countries face growth, jobless problems

BY DAVID MARSH IN BASLE

THE INDUSTRIAL world faces a long period of "painfully slow growth" and the social and human costs of rising unemployment, according to the annual report of the Bank for International Settlements in

This gloomy outlook follows from tough Government measures to reduce inflation and from the delicate balance between supply and demand on the international oil and commodity markets, which places tight limits on the economic growth that can take place without triggering commodity price booms.

The bank says that the general switch in the main industrial countries towarda policies to fight inflation makes for "moderate optimism" about a rednction in the rate of international price rises.

But it warns that a "synchronised world recession" could take place if all countries react equally to the latest oil-price surge by adopting restrictive monetary measures and trying to limit their external deficits.

The poorer, smaller industrial countries and the non-oil developing countries clearly cannot afford lower growth as can the large and rich industrial countries.

This means the first two groups will have to shoulder a greater share of the global deficit of the oil-importing world. The financing of these deficits looks like being the main international problem.

The BIS says that the oil price rises of 1979 and the aarly months of 1980 have been as large in real terms as those of 1973-74. The new oil shock bas again led to a surge in world inflation, with consumer prices rising annually 12.5 per cent in the Group of Ten and Switzerland in March against only 7 per cent on a weighted average at the end of 1978.

But the bank believes that the short-term world economic outlook is less bleak than it was six years ago.

First the current acceleration in consumer price inflation has been due to increases in international commodity and energy prices to a greater extent than in 1973-74.

Except in the U.S., and to a lesser extent in Britain and Italy, the growth in inflation has not chiefly been domestic in origin. Nominal and real wage increases have practically nowhere approached the high rates of the early 1970s.

Second, monetary and fiscal policies are more restrictive now that the emphasis is largely on curbing inflation rather than protecting employment. Interest rates bave risen sbarply and monetary growth has slowed in most countries.

Third, current account deficits are more evenly spread than in 1973-74. A third of the deficit that is the counterpart to the huge OPEC surplus will this year be in West Germany, Japan and the U.S. The new paymants pattern is unlikely to disrupt exchange rates as much as after the first oil crisis. The U.S., Germany and Japan are also all creditworthy borrowers who can finance their deficits by issuing debt denominated in their own currencles to the oil-surplus nations.

The BIS notes with approval a greater commitment to exchange-rate stability in most industrial countries. Within the European Monetary System, there is a formal framework for stable exchange rates, while outside the EMS, "domestic monetary policy measures explicitly taken with balance of payments considerations in mind and large scale official intervention clearly show that the authorities *do* care about the exchange rate."

The bank identifies several areas of concern. The first is the domestic nature of the bulk of U.S. inflation. Thus "policies devised to bring U.S. inflation under control will bave to be more determined and longer lasting than in some other industrial countries."

The U.S. recession, which was called for urgently in last year'a report, only seems to bave set in during the first quarter. The BIS aays: The problem in 1979 was not that growth accelerated in Germany and Japan, but that aggregate demand did not slacken in the U.S. in line with forecasts. Episodes of this kind cast serious doubts on the effectiveness and therefore on the desirability of international fine tuning."

In a reference to the recent sharp fluctuations in U.S. interest rates, and thus in the dollar, the BIS says that the "rather belated acceptance of greater volatility of interest rates, at historically high levels, may for a time make it more difficult internationally to coordinate policies devised to combat exchange rate instability."

It notes also that most of the changes in real exchange ratea since the U.S. dollar defence measures of November 1978 have been in the right direction on the basis of current account patterns but not of relative inflation.

This clearly refers to the strong performance of the high-inflation currencies like sterling, the Italian lira and the French franc.

The bank warns that the world economy will face great dangers unless the oil exporters again absorb goods and services from the oil-importing world and so reduce overall payments' imbalances.

Shift from Eurodollars

By Peter Montagnon

THE non-dollar sector of the Eurocurrency market expanded strongly last year, partly because a substantial part of the widening OPEC payments surplus was invested in other currencies, the Bank for International Settlements says.

Non-dollar liabilities of Eurobanks expanded 41 per cent during the year, bringing the share of other currencies in the Euromarket to 34.4 per cent compared with 31.8 per cent in 1978. The Deutsche Mark and Swiss franc accounted for the bulk of this expansion, but in terms of growth rates the sharpest increases were shown by the yen, French franc and sterling.

Non-dollar assets showed a much smaller increase so that Eurobanks switched from being net lenders of non-dollar funds to the tune of $200m to being net borrowers of $17.5bn.

The OPEC surplus, lower interest rates on non-dollar currencies and the less buoyant outlook for several of them on exchange markets contributed to this.

The BIS also notes that London's share of Eurocurrency business rose again last year to 42 per cent from 40 per cent after a decline in previous years. This was due above all to the rapid growth of lending by affiliates of Japanese banks in the City.

Oil states seek new currencies for assets

By David Marsh in Basle

LARGE current account deficits in Germany and Japan and the reduction of Switzerland'a surplus may tempt oil-exporting countries into building up assets in major currencies other than the Dollar, the Bank for International Settlements says

The emergence of deficits may permit OPEC investment in the "strong currency" countries without destabilising their excbange rates or money supplies.

The bank notes that the International Monetary Fund'a plans for diversification through a substitution account have been put on ice.

"For the near future, therefore, concerns about international liquidity aeem likely to focus on ways of financing the oil-importing world's payments' deficit and assuring the OPEC conntries of a reasonable return on reserves beld in the conventional form of foreign-exchange reserves last year. After rising by $102bn in 1977-78 they fell by $6bn in 1979.

In the Group of Ten and Switzerland, the shift was pronounced. Total reserves increased by around $35bn in 1977-78 and fell by $30bn last year. About half of this decline was the result of swaps by members of the European Monetary System of dollar reserves against European Currency Units.

The total exchange reserves of the rest of the world, on the other band, rose by $24bn. Most of this rise was concentrated in the oil-exporting countries.

This shift in the distribotion of reserves affected both the location and the currency in whicb they are beld. Group of Ten countries other than the U.S. hold their exchange reserves mainly in the U.S. and in the form of dollars, while other currencies invest a greater part of their reserves with banks ontsida tha U.S. and in currencies other than the dollar.

These different reserve policies were reflected last year in a $13bn decline in dollar reserves beld in the U.S., accompanied by a $35bn increase in identified official exchange boldings in banks outside tbe U.S., of which $14bn was in non-dollar

IDENTIFIED OFFICIAL DEPOSITS WITH COMMERCIAL BANKS OUTSIDE THE UNITED STATES

Items	End-1976	End-1977	End-1978	End-1979
	amounts outstanding, in billions of US dollars			
A. Deposits with banks in European countries,[1] Canada and Japan				
i. in national markets	5.0	7.6	9.3	8.8
Deutsche Mark	1.0	2.2	3.1	3.4
Swiss francs	1.5	1.3	0.6	0.6
Yen	0.2	0.9	2.7	0.9
Pounds sterling	1.2	1.6	1.2	1.9
Other currencies	1.1	1.6	1.7	2.0
ii. In Euro-markets	60.4	71.0	80.1	115.0
Dollars	47.2	53.0	52.8	73.3
Deutsche Mark	8.3	12.0	16.8	24.1
Swiss francs	2.6	3.2	4.6	6.0
Yen	0.5[2]	0.9[3]	2.2[3]	4.2[3]
Pounds sterling	0.3	0.3	0.7	1.5
Other currencies	1.5	1.6	3.0	5.9
Total i. + ii	65.4	78.6	89.4	123.8
of which in non-dollar currencies	18.2	25.6	36.6	50.5
B. Deposits with offshore branches of U.S. banks	4.5	4.4	5.7	6.4
Total A + B	69.9	83.0	95.1	130.2

Note: The figures in the table include changes in the dollar value of reserves held in other currencies arising out of movements in the exchange rates of the dollar against these other currencies.

[1] Belgium-Luxembourg, France, Germany, Italy, the Netherlands, Sweden, Switzerland and the United Kingdom; *since 1977 also including Austria, Denmark and Ireland.* [2] *Estimate.* [3] *Excluding deposits with banks in* Switzerland.

Governors take a festive break for Bank's fiftieth anniversary

YESTERDAY was a day for festivities at the flag-draped tower block of the Bank of International Settlements, which rises like a pile of giant pennies near the Basle railway station, writes David Marsh.

Guarded by Swiss police fingering their machine pistols with incongruously snow-white gloves, the world'a top central bankers moved from cocktail party to luncheon date to early evening concert in a mood of beady celebration.

The bankers were belping mark the 50th anniversary of the BIS, wbich was set up in the dark days of 1930. At that time one of its first problems was to arrange loans to bail out now long forgotten East European central banks caught in the 1931-32 monetary crisis. Today's little local difficulties show their equally sensitive diplomatic nature — treading through the quicksands of international protocol to find seating places at luncheon for the central bank governors from Iran and Israel, specially invited for the festivities.

The Iranian bank chief was found a place on the neutralist table with central bankers from Portugal and Austria; his Israeli counterpart was also put on safe ground with delegates from Sooth Africa and the Netherlands. Both were kept well away from the Cubans or the Soviets.

The central bankers were also celebrating the coming of age of the BIS's conservative monetarist philosophy. After 50 yaars of preaching financial rectitude and monatary orthodoxy, the BIS has at last found that governments are listening to its views.

The bank's annual report notes with quiet pride that countries verywhere are switching to anti-inflationary policies. The result, the BIS languidly notes, will be a period of mounting unemployment, and painfully slow growth.

The real world seemed a long way away from tha clinking of glasses and the munching of cocktail olives yesterday as the central bankers ete and drank their way through some of the BIS's profits last year, which reached a record $100m (£43m).

The monetary powers-that-be, however, do not appear as hard-line as they are often considered. For one thing there was the thread of distinct scepticism about Mrs. Thatcher's restrictive economic policies running through the BIS annual report.

For another, the occupants of at least one luncheon table yesterday were showing less than full enthusiasm for the doctrines of Professor Milton Friedman.

The good professor, remarked the central banker from Santiago, didn't even know that Chile was dependent on copper revenues when he visited the country years ago. The governor of the Swiss central bank, just back from the wild social whirl at the International Monetary Conference in New Orleans last week, was even more cutting. "Professor Friadman," he opined through a mouthful of BIS delicacies, "is a very good dancer."

OPEC surplus poses problems

By Peter Montagnon

THE BANK for International Settlements warns that recycling the OPEC surplus may be more difficult now than when oil prices last rose as fast

The main difficulty is that OPEC countries will run an exceptionally large payments surplus much longer than in the mid-1970s with a corresponding deficit in the oil-importing countries.

"From the point of view of sound banking principles financing a persistent payments deficit is a different proposition from financing a temporary one, particularly when the larger amounts that are borrowed are not translated into a higher level of domestic investment and economic growth in the borrowing countries," it says.

Banks are already beavily burdened with lending to developing countries while their stretched gearing ratios could give them less room for manoeuvre in international lending. They may also wish to become less dependent on individual OPEC depositors for their funds, the bank'a annual report says.

OPEC countries, faced with an uncertain outlook for world inflation and economic performance may wish to keep a large proportion of their investments liquid and short-term, whereas oil-importing countries largely require long-term finance.

In coming months, the BIS foresees greater interest among borrowers in the syndicated credit markets

"With the market considerably less receptive than in 1979, it remains to be seen whether all groups of borrowers will be able to obtain large-scale financial accommodation without a significant stiffening in loan conditions."

The BIS believes there is a greater lending role for the International Monetary Fund, which during the last few years has been "crowded out" in a borrowers' market for international bank loans.

For the time being, the IMF's liquidity is satisfactory. But the BIS suggests that the fund should soon examine a substantial increase in its resources by direct borrowing from the surplus countries, or in the markets.

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WEST GERMAN LABOUR RULES TODAY

Unions try to ban lock-out weapon

BY ROGER BOYES IN BONN

WEST GERMANY'S finely tuned relationship between employers and trade unions may well face a serious upset today, when the Federal Labour Court is due to rule on whether companies can legally lock workers out during an industrial dispute.

The issue has evoked strong emotions on both sides of industry. Indeed, during hearings earlier this year, three bombs were placed in the court at Kassel. No one was hurt, but it was a grim reminder that Germany's traditionally peaceful labour relations are going through a fragile period.

The court has been considering the case of two 1978 disputes, involving the printers union, IG-Druck und Papier, and IG-Metall, the engineering and metal working federation, both of which began as selective localised strikes and which developed into wide-ranging lock-outs. According to figures released by IG-Metall, only 3 per cent of its 2.8m members were on strike during the wages and conditions dispute. This cost the nnion some DM 40m (£9.6m) in strike pay—but it then had to find a further DM 82m to union members who bad been locked out by employers throughout the state.

The unions, who brought the two cases before the court, argue that by sapping their funds, the employers are trying to nndermine the constitutional right to strike.

The employers, however, maintain that the lock-out is simply their answer to the strike weapon and that it is essential if iodustrial disputes are to be settled io a relatively short period of time. Further, more, they argue that the lock-out is the only effective counter-method to selective strike action, which cau cripple a slugle plant at the minimum of expense to the union.

Previous decisions by the Federal Labour Court in 1955 and 1977 supported the legality of the lock-out but stressed that au essential parity bad to be maintained between the use of the lock-out and strike weapons. The nnions, who were alarmed by the use of lock-outs in the recent Swedisb general strike, feel that this parity uo longer exists.

Meanwhile, a second pillar of Germany's labour relations—workers' representation on companies' supervisory boards—bas also become a subject of controversy this week, following Mannesmann's plan to integrate its steel and pipes divisions. Manoesmann, iu a statement yesterday, said that the integration was simply to improve its competitiveness on world markets. But IG Metall claims that Mannesmann, is trying to slip out of the stiff terms of workers' co-determinatiou set out by 1951 legislation for the coal and steel industries. Unioo leaders feel they bave more say in the running of coal and steel companies because of the relative make-up of the supervisory board (50 per cent workers, 50 per cent management, a neutral member who can make a casting vote). If Manoesmann goes ahead with its plans, it will become liable to a 1976 law which gives the castiog vote to the supervisory board chairman—who is almost invariably appointed by the sharebolders and is usually expected to take their view.

Another Swedish port opens

By Victor Kayfetz in Stockholm

DOCKERS AT Holmsund harbour in the north Swedisb city of Umea returned to work yesterday after voting to end participation in the Harbour Workers' Union strike, which has shnt most Swedish ports, since May 2.

Last week dockers at the small port of Oskarshamn withdrew from the strike and those at Sundsvall, northern Sweden's largest city, voted to open their port for three days only. Mr. Gunnar Norberg, chief spokesman of the striking union, whose 2,400 members demand a 30 per cent rise and a contract separate from that of the much larger Transport Workers' Uulon, said yesterday: "It is a grave mistake to believe the harbour conflict is fading away."

Moscow begins second stage of troop cutback in East Germany

BY LESLIE COLITT IN BERLIN

THE Soviet Union has begun the second stage of its partial troop withdrawals from East Germany after pulling out one division with 10,000 men and 350 tanks, according to Western allied military experts in Berlin.

The token Soviet troop reductions of 20,000 men, up to 1,000 tanks and other military equipment were announced last October by President Leonid Brezhuev in East Berlin. Total Soviet troop strength in East Germany up to then was 20 divisions, or 400,000 men, and 7,000 tanks according to the Western allied military specialists. Britain, the U.S. and France all maintain military missious in Potsdam, East Germany, which keep a close watch on the Soviet troop withdrawal.

This past week, the Russians began pulling out another tank unit statioued near Güstrow, betwean Schwerin and Rostock iu the north of East Germany.

Over a period of months the Soviety Army in Germany, as it is officially called, withdrew the Sixth Armoured Guards division with 350 T-62 tanks whose headquarters were in Wittenberg.

Included in the Russian withdrawal were several support units, inclnding an artillery regiment with self propelled SP-152 heavy artillery, an engineers battalion, a missile unit with tactical Frog missiles, and BM-21 rocket launchers, an anti-aircraft unit, a chemical warfare defence company, as well as a signals battalion.

Both allied and West German military experts say there is no indication where in the Soviet Union the withdrawn troops have been redeployed, bnt their East German barracks remain empty. A recent rotation of Soviet troops iu East Germany by air from the Soviet Union has uot added any troops to the number in East Germany and is standard procedure twice yearly.

The Russians have attempted to gain some political mileage from the withdrawals by suggesting at the Vieona troop reduction talks that the Soviet forces taken out of East Germany sbould be included io a total reduction of Soviet troops in Central Europe, to which the U.S. would have to respood.

Western military experts say the Soviet army raised the number of its tanks in East Germany, Poland and Czechoslovakia from 12,000 in 1970 to 20,000 presently, while NATO is said to have boosted its tank strength from 5,300 to 7,000.

Devaluation shows Tito's successors aim to live within their means

BY ANTHONY ROBINSON IN BELGRADE

The drastic devaluation of the dinar, it is hoped, will shock Yugoslavs into a new sense of economic realism and, at a stroke, reverse the relative attractiveness of domestic and export markets

YUGOSLAVS HAVE joked for years about how they wished they could afford to live in the style they had become accustomed to. They will find it a lot more difficult in future following Friday's 30 per cent devaluation of the dinar. This is likely to make an already difficult economic situation much worse before it gets better. It will push up both domestic inflation and the balance of payments deficit in tha short-term.

Last Friday's announcement marked the first major decision by the collective leadership, which now runs the country, since the death of President Tito. It was preceded by months of debate and increasingly urgent warnings that the country was living beyond its means and had to work harder, export more, and accept lower incomes.

Inflatioo over the first four months of this year accelerated to an annual rate of 26 per cent while tbe trade deficit amonnted to over $2.35bn (£1bn) in spite of a major effort to cut back imports and raise exports. Coffee, detergents, and several other imported consumer goods, are in short supply. This ls reflected in a 6 per cent drop in import volume over the first fonr months, although import prices rose 22 per cent. Exports, meanwhile, bave risen by 16 per cent in volnme and 39 per cent in value.

Without the drastic devaluation, hovever, economists and politicians argued that Yugoslavia faced little real chance of successa in eliminating what is, in effect, a deep seated structural problem. In order to achieve external equilibrium Yugoslav exports have to cover around 65 per cent of the import bill. The rest is balanced by invisible earnings from transport, tourism, and emigrant remittances.

Last year, bowever, exports covered only about 50 per cent of lmports. The resnlt was a record $7.3bn (£3.13bn) trade deficit and a $4bn balance of payments deficit. Reserves bave been steadily running down and the foreign debt exceeds $14bn.

One of the principal causes of this situation is that, over the past few years, the Yugoslav economy has grown at an annual rate of 6-8 per cent. Last year, investment was running at the extraordinarily high level of around 40 per cent of GNP. At the same time the self-managing enterprises have been voting wage and salary rises far in excess of productivity gains. Higher military budgets and social spending has further increased the burden on the economy.

One positive result is that 1.3m new jobs have been created over the past seven years. Another is that Yugoslavia now has mucb modern and productive equipment.

On the negative side, however, productivity gains have not kept pace. Nor bave sufficient resources been cbannelled into developing domestic energy and raw materials. Too much investment bas gone into the kind of manufacturing which requires a high level of imports. Some has been wasted througb rivalries between the country's constituent republics which have led to excess refinery capacity and irrational distribution of major investments like steel plants.

A hooming home market, furthermore, bas both sucked in imports and diverted exporters from competing in more difficult exports markets. Tbe drastic devaluation of the dinar, it is boped, will shock Yugoslavs into a new sense of economic realism and, at a stroke, reverse the relative attractiveness of domestic and export markets.

Thanks to tbe new five-year trade agreement with the European Community signed two months ago, Yugoslavia has improved access to the European market. Prior to the devaluation there were considerable donbts whether it would be able to take full advantage of the opportunities. These doubts should now he removed.

In order to be successful, however, the devaluation, which is being presented as the first stage of a stabilisation programme, will have to be accompanied by further measures to curb the otherwise massive inflationary effect. Theoretically, prices have temporarily been frozen. But this did not stop my Belgrade botel raising its room price immediately by 30 per cent.

The authorities have promised furtber measures soon, believed to include the phasing ont of food, rent and other subsidies to allow greater play for market forces. Small scale private enterprise also will be further encouraged.

Greater price flexibility, which is intended to allow more efficient enterprises to make greater profits and expose more clearly the deficiencies of the weaker, is bound to lead to bigher inflation in the short run. The leadership's main task is to persuade Yugoslavs that they have to make sacrifices. As Mr. Stane Dolanc, a member of the 23-man party praesidinm, said recently: "Socialism does not mean just social welfare." To be successful it requires a new attitude to work and productivity.

The next few months will test the new leadership's political skills to the full. To its credit, it appears to be facing np to the economic problem frankly and without any illusions. It remains to be seen whether it can carry the country with it.

Presidential election issue splits another Portugal political group

BY JIMMY BURNS IN LISBON

THE CANDIDACY for the presidential elections later this year is fast becoming the one issue around which Portugal's politicians are standing in unity or falling in chaotic division.

Less than a month after the governing Democratic Alliance managed with difficulty to patch over an internal revolt about the candidacy of General Antonio Soares Carneiro, another political grouping has been split wide apart by the same issue.

The Government's main parliamentary ally, a group of former dissident members of the Socialist party called the Reformadores (Reformers), has managed to stir Portuguese politics from its early summer lethargy.

A document, signed by 28 leading members of the gronp, publicly criticised the support for President Antonio Ramalho Eanes declared recently by the Reformers' parliamentary leader Sr. Jose Medeiros Ferreira. The signatories include Sr. Alvaro Barreto, the Minister for Industry, Sr. Eusebio Marques de Carvelho, the Minister for Labour, Sr. Vitor Cunha Rego, the bead of Portuguese television, and Sr. Henrique Medina Carreira, a former Socialist Minister for Finance.

Missing, however, are the names of Sr. Medeiros Ferreira's parliamentary colleagues, Sr. Francisco Sousa Tavares and Sr. Antonio Barreto, fellow founders of the Reformers wbo actively campaigned for the Democratic Alliance during last December's general election.

Sr. Sa Carneiro: divisions among supporters.

The Reformers group is not formally linked to the governing coalition of Social Democrats, Christian Democrats, and Monarchists. But their parliamentary support for the Democratic Alliance was implicitly sealed in a bilateral agreement which they signed last year with Sr. Francisco Sa Carneiro, the Prime Minister

This support is important for the Alliance since the five Reformers in Parliament ensure a workable parliamentary majority. Without them, the majority is reduced te a single fragile seat.

Parliament, however, is due to break for its summer recess on June 15 so the latest developments are unlikely to have serious repercussions in the short term. In the longer term, though, the issue of the presidency will lead to a significant reshuffle of present political alliances, before next October's general election. The presidential election is due in December.

The Democratic Alliance and tbe Reformers are the only political groupings so far to have openly debated the issue of the presidency.

Tbe Socialist Party, Portugal's major parliamentary opposition, bas been locked in internal discussion for over two months. The party leadership has publicly condemned the choice of General Antonio Soares Carneiro but bas yet to choose an alternative.

Their most likely candidate is either President Eanes or Dr. Mario Soares, the former Prime Minister and the party's present leader.

Part of the confusion surrounding the presidential election stems from tbe fact that General Eanes bas not declared publicly that he will stand

Although there is little doubt at this stage that be will, the exact timing of his announcement is still the subject for considerable speculation.

NOTICE OF REDEMPTION

To the Holders of

Continental Oil International Finance Corporation

(now Conoco Inc.)

9½% Guaranteed Debentures Due 1985

Issued under Indenture dated as of July 1, 1970, as supplemented

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, $883,000 principal amount of the above-described Debentures have been selected for redemption on July 1, 1980, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, each in the denomination of $1,000 bearing serial numbers with the prefix letter "M" as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

02 15 19 26 29 30 51 58 61 66 89 99

Also Debentures bearing the following serial numbers:

2278	4078	5878	8478	9478	12078	13978	15378	16578	18678	20478	23678
2978	4478	7378	8578	10778	12878	14178	15578	16678	19878	20578	24678
3078	5078	8278	8778	11278	13878	15278	16278	18078	20378	22278	24878

On July 1, 1980, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, New York 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris or Zurich, or Credito Romagnolo S.p.A. in Milan or in Rome, or Bank Mees & Hope NV in Amsterdam or Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due July 1, 1980 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

On and after July 1, 1980, interest shall cease to accrue on the Debentures herein designated for redemption.

Dated: May 29, 1980

CONOCO INC.

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M-3	53	1045	1909	2338	2987	3421	4431	5704	8936	13003	14357	15735	17835	20625	21340	23387
5	55	1085	1915	2236	3028	3424	4468	6016	9204	13004	14358	15783	18420	20665	21860	23388
7	73	1107	2160	2241	3115	3504	4473	6025	12153	13039	14359	16265	18421	20684	22171	23478
17	173	1125	2200	2354	3194	3545	4483	6425	12795	13138	14360	16271	18424	20686	22243	23432
37	715	1131	2210	2482	3405	4218	4650	6600	12814	13335	14458	16272	18825	20693	23010	23433
43	974	1132	2225	2531	3407	4426	4720	6603	12815	13382	15175	16474	20197	21196	23242	23469
51	1025	1135	2231	2550	3414	4429	4965	6604	12935	13383	15658	16475	20306	21197	23323	

U.S. confident of early restart to autonomy talks

BY DAVID BUCHAN IN WASHINGTON

NEGOTIATIONS between Israel and Egypt over Palestinian autonomy will resume soon under U.S. mediation, officials in Washington forecast yesterday. Their confidence stemmed from the reported agreement of President Anwar Sadat of Egypt and Mr. Menahem Begin, the Israeli Prime Minister, to send envoys to Washington.

President Carter sent President Sadat a letter over the weekend in a fresh hid to break the deadlock in the talks. Mr. Sadat, who broke off the negotiations more than a month ago, accepted the U.S. invitation for the talks to resume in Washington.

Egypt prefers the U.S. as the site for the autonomy talks, believing that this commits Mr. Carter more heavily to the success of the negotiations and also puts him in a hetter position to exert pressure on Israel.

Pressure on the Carter Administration to show that the negotiations are not completely bogged down has grown since the European Community countries suggested that they might agree on a Middle East initiative of their own at their Venice summit later this week.

Mr. Carter has said that he will oppose any EEC move that undermines the Camp David process and the antonomy talks. He has threatened in advance to veto any European move to supplement United Nations Resolution 242 to take account of Palestinian political rights.

However, the U.S. Administration significantly softened its tone on Sunday when Mr. Edmund Muskie, the Secretary of State, said Washington would not object to an initiative that did not undermine the autonomy talks, if it was constructive in nature.

Mr. Muskie warned the Europeans that the autonomy negotiations were right up against the hard issues—land and water rights, security, the powers of the self-governing anthority for Arabs on the West Bank and of the Jordan and in the Gaza Strip—and that any EEC move might give them an excuse to defer these key issnes.

Sadat keen to renew discussion

BY ROGER MATTHEWS IN CAIRO

PRESIDENT SADAT of Egypt said yesterday that a date had been fixed for General Kamal Hassan Ali, his Foreign Minister, to fly to Washington for a tripartite meeting involving Israel and the U.S., but be refused to go into details.

General Hassan Ali said earlier that new proposals received from President Carter could help hreak the autonomy talks deadlock. The Washington meeting is likely to deal with ways of restarting the negotiations and will probably not touch on substantive issues.

Egypt has said that it is looking for a change in Israeli attitudes, particularly towards Jewish settlements on the occupied West Bank and on new laws governing the status of east Jerusalem.

Mr. Sadat is anxious for a resumption of negotiations. He wants to assist President Carter in his re-election campaign and to head off the suggested European initiative. For domestic and pan-Arah reasons he also needs to show that the Camp David process still has some faint hope of success.

However his senior aides see little chance of progress while Mr. Begin remains Prime Minister of Israel.

David Lennon reports from Tel Aviv: Israel's delegate to the Washington meeting will only be empowered to discuss a date for resuming full-scale negotiations and not to negotiate on substantive issues.

Mr. Begin made this clear on Sunday when he said Israel would also call for the talks to be held in the region, rather than in the U.S.

Antarctica crash doubts remain

THE FINAL report into the crash of an Air New Zealand DC-10 in Antarctica last November in which 257 people died has not found a definite cause for the disaster, Reuter reports from Wellington. The aircraft crashed into the side of a volcano during a sightseeing flight.

Mr. Ron Chippendale, inspector of air accidents, said yesterday his report contained what be thought was the probable cause of the crasb but it had been bard to establish a definite cause. He did not disclose what he tbought the probable cause was

Midland Bank denial over Nigerian oil money

BY OUR LAGOS CORRESPONDENT

THE Midland Bank has denied that Naira 2.8hn (£2.14hn) belonging to the Nigerian National Petroleum Corporation was ever paid into any of their hranches

Mr. Rohert Hubhard, a foreign manager for Midland Bank International, told a Presidential tribunal of inquiry into the alleged disappearance of the Naira 2.8bn that there had never been such a deposit.

Mr. Hubbard's testimony is seen as the first significant evidence to counter allegations concerning the money.

The accusation that the money was missing was first published in a Nigerian newspaper last year and has since heen further complicated hy a statement in the Nigerian Senate that the money was paid into a private account.

Mr. Huhbard explained that hoth the NNPC and the Nigerian Central Bank had accounts with the Midland but that such a large sum of oney had never been transferred from one to the other.

Japanese GNP up by 6.1%

By Charles Smith, Far East Editor in Tokyo

JAPAN'S gross national prodnct grew by 6.1 per cent in real terms in the year ending March 31 and slightly exceeded the official target for the year.

In the final qnarter, however, growth was entirely dependent on exports. The domestic sector of the ecenomy was stationary, with small increases in private consumption and investment offset by lower Government spending and reduced investments in housing.

The combination of domestic stagnation and booming exports seems likely to be continued into the first two quarters of fiscal 1980. Bnt the outlook for exports must depend to some extent on the ability and willingness of *Japan's trading partners* to absorb its prodncts.

A breakdown of the main sectors contributing to last year's GNP growth shows a 0.9 per cent contribution from the external sector with domestic private consumption, the largest component in the economy, accounting for 2.6 per cent of growth and private investment for 2.0 per cent.

The role of exports in boosting economic growth during the year was roughly similar to the position in 1978, when Japan registered a massive trade and current account surplus. In 1979 Japan's overseas trade recorded a deficit, reflecting greatly increased oil prices. Nevertheless, the volume of exports rose rapidly, while import volnme scored only a small increase.

These trends were sharply accentuated during the final quarter of the year with exports rising by 6.8 per cent in real terms from the previons quarter. The sharp gain in exports reflects the favourahle impact of yen depreciation during the early part of the year on the competitive strength of Japanese goods in world markets. Imports shrank by 3.6 per cent in the January-March quarter as slower domestic economic growth redneced demand for imported materials.

Japan's growth target for the current fiscal year is 4.8 per cent, the lowest level for some years.

Algeria intensifies gas price war

BY FRANCIS GHILES IN ALGIERS

SONATRACH the Algerian State oil and gas company, has sent only three shipments of liquefied natural gas to Gaz de France since April 11, instead of the usual 34. This shortfall reflects an escalation in the battle being waged by Algeria and other natural gas prodncers to hring the price of gas they export into line with that of crude oil.

Liftings by the U.S. company, El Paso, which is still Sonatrach's major gas client, remain suspended meanwhile, because of the price dispute.

Gaz de France is paying a price of $3 (£1.3) per million British thermal units (fab), for the little gas it is presently receiving.

Sonatrach is billing Gaz de France a price believed to be $6.11 per BTU, which is roughly equivalent to crude oil parity. Sonatrach started cutting back gas shipments to France by one third in January and by two thirds in March.

M. André Giraud, France's Minister of Industry, has stressed that France is determined not to give in to Algerian requests. But France is thought to be prepared to settle at a price closer to $6.11 than $3. Negotiations are not due to resume before June 23, by which time the subject will have been fully aired at the congress of Algeria's ruling party.

Much depends on the outcome of negotiations between France and Holland, which is also seeking to increase the price of the gas it sells to Gaz de France. Another factor is the importance President Giscard d'Estaing attaches to his relations with the Algerian leaders

The worldwide trend in gas prices favours the Algerian argument as most gas producers outside the Organisation of Petroleum Exporting Countries have been applying pressure for increased prices. Such is the case with Norway, Holland, Mexico and Canada.

Algeria does not need the income it derives from gas exports for the time being. Oil hard currency income is expected to go up from last year's figure of $9.3bn to at least $14bn this year, not allowing for any further increases in the price of crude which might follow the current meeting of OPEC.

Saudi Arabia to sell 100,000 b/d to Bahrain

BY RICHARD JOHNS IN ALGIERS

SAUDI ARABIA is to provide Bahrain with 100,000 barrels a day of crude oil at the official selling price for processing in the refinery jointly owned and operated hy Standard Oil of California and Texaco.

Together with the dwindling output of 50,000 h/d from its own fields, this will give the Gulf state a sufficient supply of crude to cater for the 60 per cent majority share that it is taking in the refinery of the Bahrain Petroleum Company, according to Mr. Youssef Chirawi, Bahrain's Minister of Development.

At present the Bahrain Government has a 20 per cent stake in the company and is in the process of negotiating the majority takeover. According to Mr. Shirawi, this will be operative from July 1 even if details have not been agreed by then.

Compensation will be on the basis of net book value. But a number of problems remain to be worked out, including the marketing of products, the fee to be paid to the U.S. companies for marketing the prodncts and the new corporate structure

OAPEC defers decision on Algiers drydock

BY OUR ALGIERS CORRESPONDENT

THE ORGANISATION of Arab Petroleum Exporting Countries is expected to go ahead with the construction of a dry dock in Algiers but has deferred a decision on size and locality.

A final review is to be made hy a ministerial committee including Algeria, Bahrain and the United Arab Emirates. This was decided at a regular OAPEC meeting in Algiers at the weekend.

On the basis of feasibility studies drawn up by the British consulting engineers, Rendell Palmer and Tritton, the choice would be between a facility with one berth for tankers up to 150,000 dwt or two with a similar capacity, with a variation in cost of between $250m (£107m) and $400m, according to Dr. Ali Attiga, secretary-general of OAPEC.

OAPEC has also decided to establish an engineering design company capable of undertaking large projects in member countries. It will be set up with an initial caiptal of $20m and is to be based in Abu Dhabi. Initially it is expected to undertake projects in partnership with well-established foreign companies.

Afghan rebels close to Kabul

NEW DELHI — Moslem rebels battling against the Marxist Afghan Government have attacked Soviet troops on Kabul's doorstep and killed 10 soldiers, a diplomat arriving in India from the Afghan capital said yesterday.

Kabul has never before been threatened by a rebel offensive since the Moscow-backed Government of President Babrak Karmel took power last December in the wake of the Soviet invasion of Afghanistan.

The diplomat, wbo asked not to be named, said dozens of insurgents died in Sunday's fighting only nine miles north of Kabul.

He said fighting was still raging in the mountains around the capital and was heaviest in the Paghman range. Soviet fighters strafed the area for three to four hours on Sunday, he said. Fighting also broke out in the capital, hut he did not know exactly where.

Reports from Kabul said the ring of armour thrown around the city by the Russians had been strengthened in the past week. At least four Soviet divisions guard the capital, twice as many as a few weeks ago.

Travellers arriving from Kabul yesterday said there was a constant drone of Soviet military aircraft landing and taking off from the airport. Moscow was said to bave poured in more troops to reinforce the 80,000 to 100,000 soldiers already estimated to be in Afghanistan.

Meanwhile the authorities announced on Sunday the execution of 11 people opposed to the regime. They included Abdul Majid Kalakhani, a pro-Chinese guerrilla leader.

Of the others executed, the most powerful was Assadullah Amin, a nephew of former President Hafizullah Amin. He was national chief of the secret police, under his uncle's regime

Others condemned included three men found responsible for the death of Mr. Amin's predecessor, Mr. Nur Mohammad Taraki, who was overthrown last September.
Agencies.

French move fails to end island revolt

ESPIRITU SANTO — French efforts to end the 12-day-old revolt in the New Hebrides islands failed yesterday, bringing the prospect of joint British and French military intervention a step closer.

Mr Jimmy Stevens, self-styled prime minister of the breakaway republic of Vemarana, said that if this happened he would take to the jungle with his 2,000 followers

M. Jean-Jacques Robert, the French Resident Commissioner, defied strong objections by Father Walter Lini's New Hebrides Government and flew to Santo. Reuter

Jurek Martin reports on Mr. Robert McNamara's career, from Ford to banking

World Bank president to retire early

MR ROBERT McNAMARA announced yesterday that he would retire from the presidency of the World Bank in a year's time, after what will be 13 years service as head of the foremost international development institution.

He gave no reason for his decision, other than to note that he will be 65 next year, which is the bank's traditional, though not mandatory, retirement age. His third five-year term at the bank's helm is not due to expire until 1983.

Mr McNamara, the one-time Ford Motor Company "whizz-kid," managerial master of the U.S. Defence Department and prime architect of the Vietnam war, has himself shown some signs of physical wear and tear in recent years and is known to be concerned about the health of his wife.

But, in a memorandum to the organisation's executive board, Mr McNamara said that a number of critical policy and financial initiatives had recently been, or were about to be resolved and that therefore "we are approaching an appropriate time for a change of leadership."

By custom, though not by law, the presidency of the World Bank is an American appointment — just as the managing director of its sister organisation, the International Monetary Fund, is vested in European hands.

The choice of a successor to Mr. McNamara is likely to depend on who the next President of the United States turns out to be. Previous office holders have been drawn from tha world of government (Mr. McNamara and Mr. Eugene Black, for example) and from finance (Mr. George Woods and Mr. John J. McLoy), while the fifth, Mr. Eugene Meyer, was both a financier and publisher of the Washington Post newspaper.

Successor

If Mr. Carter is still in office next year, he might reach into the ranks of past or present senior administration officials (Mr. Cyrus Vance and Mr. Michael Blumenthal, ex-secretaries of State and Treasury, spring to mind): if Mr. Reagan is in the White House, he might select a businessman with international experience. But bank officials emphasised that at this stage speculation was very thin on the ground.

It is also conceivable that a Canadian of stature could be tapped for the post, such as Mr. John Turner, the former Finance Minister, should he decide in a year's time that his domestic political career has run its course.

Mr. McNamara . . . "time for change."

Certainly when President Johnson picked Mr. McNamara—a global "scoop," incidentally, by the Financial Times back in 1968—he surprised the world. The then Secretary of Defence was starting to incur much national opprobium for his role in prosecuting the increasingly unpopular Vietnam war and, it was suggested rather unkindly at the time, was endeavouring to axpiate his Vietnam sins by taking on the most challenging job in the world of development.

Whatever the original rationale, there is no doubt that Mr. McNamara has transformed the institution since he took over—to the point where, for years, it has been known as "McNamara's Bank."

During his tenure, the bank's annual lending has risen from under \$1bn to its current \$11.5bn: its professional staff has risen from about 900 to 2,300, plus any number of consultants on top.

Its management structure has been radically altered, initially concentrating authority in the hands of the Presideot and his inner circle of advisers, more recently tending towards decentralisation as the institution has grown.

The bank has also widened the focus of its programmes: if pressed, Mr. McNamara would probably say his greatest achievements were to draw attantioo to the overpowering issue of poverty, particularly rural, in the Third World, to the development of energy programmes in developing nations, to his role in contributiog to the international debate on tha need for population cootrol, and to the drawing together of many disparate strands io this year's report of the Brandt Commission.

He is also known to be particularly satisfied that the People's Republic of China has now been re-admitted to membership, which was finalised just last month.

Yet, given the pressing needs of the world's poorest countries, his most notable achievement at the bank has surely been in iocreasing its lending resources. Whe nhe took over, the bank was very dependent on U.S. Government and private markets funds. Yet this 70 per cent reliance in 1968 has dwindled to a mere 10 per cent today.

Frustration

In part, this reflects what has obviously been Mr. NcNamara's biggest frustration—growiog Americao disenchantment with all forms of foreign assistance io the 1970s. But in spite, or perhaps because of this, he pushed the bank into more innovative forms of financing from the private sector, as well as lobbying with some success for continued official support for the International Development Association, the bank's soft loao arm.

Yet, Mr. McNamara had remained a controversial figure. His extraordinary eoergy, and an undoubted ioclination towards authoritariaoism, was oftao frustrating eveo to his own staff: and the Vietnam legacy has died hard in the U.S.

Democratic convention may be hit by strikes

By David Lascelles in New York

New York City's uniformed employees, including the police, are considering a proposal that they strike during the Democratic Party's national convention, which is due to start here on August 11.

The employees' wage contracts expire on July 1, and they were originally planning to walk out on that date. However the police union's new president, Mr. Philip Caruso, has plumped for the August date, partly because he believes that July is too early a deadline for the negotiations.

But evan though the police union carries a lot of weight, it was not clear yesterday whether other uniformed employee unions would support a strike. Many workers are impatient about the new contracts and feel a delay until August would take pressure off the City.

Against this, though, the possibilities for causing disruption during the convention will he enormous. The event will attract thousands of delegates, staff and camp followers, and will be the largest event hosted in the city for the foreseeable future.

Senate expected to investigate missile alerts

BY DAVID BUCHAN IN WASHINGTON

THE Senate Armed Services Committee is likely to investigate the repeated false alarms last week from a faulty Defence Department computer suggesting that the U.S. was under nuclear missile attack from the Soviet Union, congressiooal officials said yesterday.

On both occasions, last Tuesday and Friday, the fault was detected within about three minutes, but not before the Strategic Air Command had been automatically alerted and activated its B52 nuclear bomber force. However, the ultimate stage—the lauoching of missiles or the dispatch of bombers towards the Soviet Union — would have required a Presideotial order.

The repeated computer failure, similar to ao incident last November, has caused some alarm amoog U.S. allies in Europe, aod from the Soviet Union. Tass, the Soviet news agency, noted the U.S. explanation that the fault was technical, but commented that "the American military dangerously plays with the destiny of the whole world. It is noteworthy that sham nuclear alarms take place at the beat of malicious anti-Soviet hysteria being kindled in the U.S."

Seoator John Tower, the senior Republican on the Committee, said over the weekend it ought to look ioto the computer failures. At the moment, however, his staff said the committee was preoccupied with the budget debate oo defence and investigating another U.S. military failure: the aborted rescue of the hostages in Iran in April.

The Defence Department, meanwhile, has pointed out that the faults were at least detected within a matter of minutes, and that the problem has now been identified.

While details of this are classified it is known that the November, 1979, incident took place because a test tape simulating a nuclear attack was errooeously run through the main air defence computer.

Congress to debate petrol rationing plan

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT CARTER, who last week suffered a severe rebuff from Congress on his oil import fee, is to send a new standby petrol-rationing plan to Congress this week, White House officials said yesterday.

The oil import fee would have resulted in a 10 cent a gallon tax increase on petrol. It was never seeo as a substitute for a petrol allocation plan, which would be kept on the shelf and only implemented in an emergency of a 20 per cent shortfall in oil supplies.

Congress has already given President Carter the authority to allocate petrol during a crisis, but it also wants to approve in advance the actual details of any rationing plan. In March 1979, Congress rejected a first standby rationiog plan, asking the Administration to revise it to be less harsh on drivers with compelling reasons to travel.

The new plan is believed to meet this objection.

Under it, the Government would send out monthly coupon authorisations to owners of the 135m registered vehicles in the U.S. These would be converted into actual coupons at local banks, and then used to buy petrol or to be sold to other drivers on a "white market."

The Administration has estimated that in the sort of severe shortage that would trigger rationing, one gallon ration coupons could bring in as much as \$5 on this white market. At present the average gallon of petrol in the U.S. still costs less than \$1.30.

So far this year petrol consumption is down and stocks are at comfortable levels. However, the Administration does not want, in an election year, to be caught by the sort of sudden shortage that appeared a year ago, following the Iranian revolution and the drop in production there.

Fifth Avenue demolition angers New Yorkers

BY OUR NEW YORK STAFF

ONE OF New York's largest property developers, Mr. Donald Trump, has angered conservationists by ripping down an Art Deco building in Fifth Avenue to make way for a new glass and steel skyscraper. Many of the building's features had been pledged to the Metropolitan Museum of Art, but Mr. Trump now says it would have been too expensive to save them.

The building in question is the former home of Bonwit Teller, the department store which closed down last year. Built in the 1920s, it was adorned with sculpted panels and grillwork, and was considered a good, though not spectacular, example of New York Art Deco.

When Mr. Trump, who is only 33, acquired the property, he made it clear that he was primarily interested in developing the site. He then announced plans for his \$100m skyscraper.

However, having pledged the Art Deco work to the museum, his company decided that tha delay and cost involved in removing the sculptured limestone panals—15 feet long—did not justify the rescue.

In a statement issued at tha week-end, Mr. Trump said the removal cost would have been of tha order of \$32,000, but this was not important.

"I contribute that much every month to painters and artists," he was quoted as saying. He was far more concerned about the extra costs in terms of delays which could amount to half a million dollars, he claimed.

Irrespective of whathar the Bonwit Teller building was of artistic merit, the row over its destruction is another example of the concern shown by New Yorkers for their fast disappearing buildings. Their successful campaign to save Grand Central Station from destruction two years ago, spearheaded by Mrs. Jacqueline Onassis, is their greatest triumph to date.

Iranians on trade mission to India

NEW DELHI—A 17-member Iranian trade delegation led by Dr. Reza Sadr, the Commerce Minister, arrived here yesterday to discuss nrgent purchases from India to beat Western economic sanctions over the continued detention of U.S. hostages in Tehran.

Indian officials said a tentative shopping list sent to India covered a wide range of industrial, chemical and agricultural prodocts nrgently required by Iran.

But the officials said not all items on the list were readily availabla for export. The list inclodes sugar, of which India has just decided to import 200,000 tonnes.

Dr. Sadr'a main talks will be with Mr. Pranab Mukherjee, his Indian coonterpart, and Mr. Charanjit Chanana, the Minister of State for Industries.

Dr. Sadr, who will call on Mrs. Iodira Gandhl, the Prime Minister, tomorrow, will also hava talks with Mr. Virendra Patil, the Petroleum Minister and Mr. P. V. Narasimha Rao, External Affairs Minister.

Indian axports to Iran so far mainly comprise minerals, chemical prodocts, engineering goods, iron and steel, textiles, leather products, tea and spices.

In the 1978-79 financial year, India's exports to Iran were Rs 924m (£49m) compared with Rs 3.5bn worth of imports from that country mainly crude oil and petroleum prodncts.

Officials said that, apart from sugar, agricultoral prodocts oo the Iranian list iocluded wheat, rice, corn, barley, vegetabla oils, fats, animal and poultry feed.

In the Industrial sector, Iran required iron and steel, aluminnm, copper, tin, machine tools, paper and cardboard, textiles, tanning extracts, colours, soaps and washing prodocts, gun powder and explosives, aotomobile spare parts, wood and ceramic prodocts.

After the talks, the Iranian delegation will visit industrial concerns in Bombay and five other cities.
Renter

Big rise in East bloc's Iran sales

BY ANDREW WHITLEY IN TEHRAN

EASTERN European countries have increased significantly their share of the Iranian market in the past three months and look set for a further large jump in the coming months as a result of contracts and trade agreements recently signed or under negotiation.

On Sunday, Iran and Romania signed the most expensive trade pact reached here since the imposition of U.S. economic sanctions in January. Contracts with the Soviet Union and Yugoslavia on the provision of technical services, are also expected sbortly.

Trade between Iran and Romania in the first fonr months of this yaar amonnted to about $800m (£341m). By comparison, trada for the whole of last year came to only $500m.

Meanwhile, the Communist bloc, including China and North Korea, has increased its share of Iran's oil exports to nearly one thlrd, compared with less thao 10 per cant durlog the Shah's rule. Current contracts are believed to be for just under 200,000 barrels a day, of which Romania takes half.

Under the latest memorandum of understanding with Romania, Bucharest is to provide a wide range of industrial goods and food stuffs in sbort supply in Iran. Wheat, sugar, meat, eggs, dairy products and chemical fertilizers and Industrial spare parts bave been cited, though specific contracts bave still to be signed.

More significant is the way in which Romania, and to a lesser extent Yugoslavia and tha Soviet Union, are moving into the oil, gas and petrochemical sectors, previously the preserve of the U.S.

Mr. Shojaudin Sattahi, Iran's Depnty Commerce Minister, notad after the aigning of Sunday's agreement, that much of the oil exploration work and the constructioo of refinerias, within the Soviet bloc has beeo handlad by tha Romanians.

Almoat every day Romanian, Yugoslav and East Cerman technical experts have heen calling oo tha National Petrochemical Company io Tehran with a view to picking up some of the work on major projects abandoned by U.S. and other Western companies. Particular interest is being shown in the unfinished giant Iran-Japan petro-chemical complex at Bandar Khomeini.

Last month the Soviet Union is known to bave bid along with Iranian contractors, for a contract worth tens of millions of dollars to maintain and replace damaged sections of the Igat-1 gas pipeline to the Soviet border.

A senior official in NPC said yesterday he expected to sign agreements with the Yugoslavs in some of a number of areas, including equipment and material supply, management and training.

Yugoslavs have already takeo over tha running of Iran's largest copper mina, at Sar Cheshmeh, formerly the respoosibility of America's Anaconda company. The Romanian memorandum also referred to the possibility of co-operation ln exploration for copper, gold, lead and tin in Iran.

Another psychological blow for the U.S., though not one of considerable economic significance, will be the takeover by the Romanians of the old General Motors car assembly plant ootside Tehran, who are to build a small van of their own design. GM has effectively abandoned, tbe plant, which is still turning oot half a dozen luxury models a day based on stock-piled kits.

Romanian tractors are being assembled in Cabriz under a loog-standing arrangement which, during tha Shah's last years, was being phased out in favour of Massey-Ferguson tractors now being built alongside Now there are suggestions that, because of sanctions, it is the Canadian-British company which may he the loser.

Rapid rise in Denmark's coal imports

BY HILARY BARNES IN COPENHAGEN

THE DANISH electricity utility Elsam has signed an agreement with tha Exxon subsidiary Intercor for the supply of 2m tonnes of Colombian coal a year for 14 years with the first deliveries taking place in 1986.

Intercor and the Colombian State jointly own the mine from which the coal will he produced.

Denmark'a coal imports have risen from 2.2m tonnes in 1972 to 7.2m tonnes last year and by the end of the century are expected to reach 20m to 25m tonnes a year.

Two-thirds of the country's electricity supply is now hased on coal and the ahara will iocrease to about 80 per ceot over the next few years, according to Covernment eoergy plans.

Denmark's April trade deficit was Kr 2bn (£154m), compared with Kr 1.1bn io April laat year, hringing the deficit for the yaar so far to Kr 8.4bn, compared with Kr 5.3bn in tha same period last year.

Enargy imports in April rose to Kr 2.2bo from Kr 1.3bn in 1979.

Energy imports for the first four months totalled Kr 8.8bn, compared with Kr 5.1bn last year. Total imports so far this year has riseo by 34.5 per cent to Kr 39.6bn and exports by 29.2 per cent to Kr 31.2bn.

● THE DANISH merchant fleet increased from 7m dwt tn 8.5m dwt hetwaan 1975 aod 1980, while the fleets of most nthar shipping nations were shrinking, the president of the Danish Shipping Association, Mr. J. D. Lauritzen, told tha assnciation's annual meeting.

The number of vessels, however, daclined from 918 at the beginning of the period to 774 at the beginning of this year, tha lowest figure sinca 1964. In 1979 there was a reduction of 250,000 dwt in the fleet after tbe sale of 84 vessels, most of them small freighters.

Danish shipping companies on May 15 had on order 41 vessels totalling 530,000 dwt worth Kr 4.5bn. Some 85 per cent of the orders by valne wara with Danish shipyards.

Philips Du Pont in tape talks

By Charles Batchelor in Amsterdam

PHILIPS, the Dutch electrical group, and the U.S. company Dn Pont de Nemours, hope to co-operate in the field of magnetic tape. The two companies bave begun preliminary talks aimed at an agreement on the development, manufacture and sale of tbe tapes Pbilips said.

Specifically the talks are about Du Pont acquiring a balf sbare in Magneethandfabriak Oosterhout, a company employing 250 people, in which Philips is at present the sola shareboldor.

Peking seeks aid on coal and oil

BY OUR WORLD TRADE STAFF

MRS MARGARET THATCHER, the Prime Minister, yesterday assured China that Britain is ready to play a hig part in the Chinese programma to exploit coal and oil.

Mrs. Thatcher had a meeting at Downing Street with Chinese Vice-Premier Kang Shi-En, who has responsibility for short-term economic planning and energy.

Vice-Premier Kang is in Britain until Saturday inspecting Britain's coal and North Sea oil installations. China is embarking on a major programme to exploit off-shore oil and its coal mines. Britain is hoping for orders in hoth fields

Mrs. Thatcher has a standing invitation—extended hy Chairman Hua Gnofeng—to visit Chioa but it ls unlikely that ahe will do so this year.

● The French State-owned Elf-Aquitaine oil group will shortly send a mission of experts to China to look into the possibility of inland oil exploration in that conntry, the company president, M. Albin Cbalandon, said yesterday.

M. Chalandon, who made the announcement after conferring with Premier Raymond Barre, did not elaborate, but added: "France was 50 years lata in the Middle East but is the first in China."

Asked if he favoured a French-Norwegian venture in China, recently suggested by the Norwegians. M. Cbalandon replied: "If the Norwegians want to share the risks tbey are welcome."

Foreign car sales in Japan now falling

SALES OF foreign cars in Japan have dropped off sharply this year after three years of fairly rapid growth.

From Jannary to May sales fell by 24.8 per cent from the comparable period last year to 20,401 cars. U.S. models fared the worst among the importers, with sales down 37 per cent to only 4,932 cars. West German cars, holding the largest market share were down 23 per cent to 11,783 units. The UK sold 1,610 cars during the five months, roughly the same number as a year ago.

The major reason for the decline appears to be price increases related to the sharp decline of the Yen early this year.

Desoita the steady increases in sales over the past threa years, foreign cars still represent nnly about 2 per cent of the total Japanese market for passenger cars. This is mainly because difficolties involved in importing and distributing cars have tended to discouraga foreign car makars from serious efforts at building up sales.

Perhaps tha greatest barrier is simply that the price of foreign cars is normally more than double that of an equivaleot Japaoese built car. The cheapest Volkswagen Golf model, for exampla, is priced at Y1.0m, or twice the Toyota Corolla.

The foreign car importers association is cautiously predicting that sales could turn upwards in the antumn. The original sales target for 1980 of 66,000 cars has been reduced to about 60,000 cars.

● Honda Motor said it has signed a contract with Yugoslavia's Standard Metalska Industrija to jointly produce molti-purpose engines in Yngoslavia. Reuter reports from Tokyo.

The joint company, Mio Standard Oour Tvornca Motora Osijek, will build a Yen 1.1bn factory in Osijek, northern Yugoslavia, where production will start next year at an initial rate of 1,500 engines a month, Honda said.

Honda did not disclose details, but said it will put up 18 par cent of the necessary cost.

Tokyo sees China's investment future brighter than U.S.

BY RICHARD C. HANSON IN TOKYO

JAPANESE businessmen rank China as a mora promising area for "future" investment overseas than North America in a hroad range of industries, most notably wholesale, retail, chemicals and machinery.

A recent survey by the Long-Term Credit Bank of Japan also reveals, however, that the Japanese remain sceptical over whethar joint ventures in China can succeed under present conditions. It concludes that China may have to adopt a variety of incentives to assure that foreign company investment will be hoth safe and feasihle, if the country wants a rapid rise in such invastment.

Joint ventures

The Japanesa companies surveyed (235 responded) ranked China second after the Asian region (excluding Taiwan, South Korea and Hong Kong) in a list of most promising areas to place future investments. Asia was named by 18 per cent whila China got 17 per cent and North America 16.7 per cent. (Western Europe cama in with 6.1 per cent.)

The survey was conducted in January at the request of tha Chinese, who have been trying to attract foreign investment as part of their overall modernisation plans. Since a joint venture law as published last year by China there bave been a number of specific proposals for Japanese joint ventures. None of these has yet to get under way, probably for the reasons most often referred to in the survey.

The most pressing concern of Japanese husinessmen surveyed was that present economic policies could be discontinued if the political climate changed suddenly, cited hy 25.1 per cent of the companies. The lack of an adequate legal system to clarify the role and rights of a joint venture was the second higgest worry, followed by underdeveloped transportation, electric power supplies and other national infrastructure, and the "rigid" Chinese bureaucracy.

A fnll 37 per cent of those responding said they believed sudden nationalisation was possible if China again shifts economic policies.

These obstacles appeared to outweigh in many cases the incentives that China presents as an investment location. The most frequently named reason for investing was the size of the Chinese market (36.9 per cent of the responses), the availability of cheap labour (28.2 per cent) and raw materials (20.2 per cent).

Although the Chinese labour force received good marks for quality (44 per cent said it was equal to South Korea's work force), the Japanese are fearful that the lack of understanding of modern management techniques could result in internationally uncompetitive joint ventures, despite the advantage of lower wages.

Japanese companies said the Chinese consider large volume prodnction by joint ventures a more important goal than low-cost production. They also worry that workers in joint ventures will demand wages on a par with those received overseas for similar industries, the survey revealed.

Confusion

The Japanese also complain that there is a hasic shortage of information from China on which a company can assess whether a joint venture will be successful or not. Iformation on such matters as electric power, railways and road transport, ports, supplies and other costs are not made available for feasibility studies before the company decides to emhark on a joint venture.

The general complaint of poor commnnication among the Chinese themselves, creating confusion and delays, was frequently mentioned.

The report indicated that some of the problems, such as guaranteeing a venture against nationalisation (or at least providing for compensation in such as case) could be eliminated by a bilateral agreement between the two governments.

Other problems, based on the differences in social systems, will take a lot of time to resolve.

Hong Kong in water deal with China

BY PHILIP BOWRING IN HONG KONG

HONC KONC recently sighad a oew water supply agreemant with China, an event played down in Hong Kong but with a major economic and political significance. Tha deal has three kay aspects io that it greatly increasea Hong Kong's dependence on China and enhances China'a earniogs from water sales to Hong Kong.

It also means that the Hong Kong governmant will in affect be making a loan to China. At present China is selling some 170m cubic metres of water a yaar to Hong Koog at a price of 0.15 yuan per cnbic matre. Under the new agreement, from 1983 onwards, China will increase its supply by some 35m cubic metres a year so that by around 1992 annual supply will reach 620m cubic metres.

At preseot China aarns HK$60m (£5.2m) a year from watar sales. This will be increased to about HK$220m a year hy 1992 even without an increasa in tha price. The agreemaot provides for new supplies to be at the same price as the current one, but is subject to revision. The water price was last raised in 1978 when it jumped 50 par cent from a laval set in 1960.

To provide Hong Kong with more water, China is going to have to build more pumping stations and undertake works on tha East River, from which supplies are drawn. To halp the Guangdong provincial Covernment to finance this, the Hong Kong Government is understood to be making an advance payment for the water. The size and tarms of tbls payment are secret, and tha Hong Kong Government refuses to discuss the matter. But there is no question that it is, in effect, a loan from the Hong Kong Colonial Covarnment to the Guangdong provincial Government.

Tha additional supplies from China mean that by 1992 Hong Kong will he reliant on China for soma 60 per cent of its demand, which is expected to grow at around 6 per cent a year between now aod 1992. At oresant Hong Kong gets only 30 per cent of its supplies from China and has always placed heavy emphasis on the need for a high dagrea of self-sufficiancy.

The new agreement thns represents a sharp change in Hong Kong policy brought about by the improved political climate and tha initiation of the "four modernisations" policy.

Hong Kong now sees its security as enhanced by maximising its profit to China. In addition tha cost of altarnative water sources has been rising rapidly. Almost all Hong Knng's own water catchmeot areas are already being used, and desalinatioo has hacome costly in the wake of contiouing oil orice increases.

Penguins on sale in Peking

PEKING — Penguin paperbacks bave gone on sale in Peking. They are the first foreign hooks, other than the occasional guide book, to become available on book stands in the Chinese capital.

The choice of titles leans beavily towards science fiction, interspersed with mystery and spy stories aod thrillers.

Tha only othar foreign publications on regular sale in Peking iuclude the U.S. news magazine Time and Newsweek, the Economist of London, West Germany's Der Spiagel, the Far Eastern Economic Review from Hong Kong, and the Readers' Digest.
Reuler

Cadbury will make 700 redundant

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CADBURY SCHWEPPES is to make 700 workers redundant at Bournville, Birmingham, as confectionery sales continue to slide.

Negotiations have opened with another 2,600 workers at the group's Bristol factory about short-time working.

At Rowntree Mackintosh up to half the 14,000 workforce has been on short-time this year.

The confectionery industry, with a 70,000 workforce and sales of £1,600m a year, complains of the impact on trade of the higher level of VAT introduced last year. Spending on confectionery has increased but the volume has dropped.

High interest rates have forced many retail outlets to cut stocks. This has caused a sharp drop in orders.

Cadbury Schweppes said the 5,000 workforce at Bournville would have to be cut by about 700. Those made redundant would be mainly women working part-time on the production and packaging lines.

Strong pound

The company complained of the drop in UK sales and the difficulty of exporting with a strong pound.

At Rowntree Mackintosh the numbers on short time have been cut to 800. The company said continuation of this position would depend on whether sales improved. Only 55 workers have so far been made redundant.

George Bassett is closing its Glasgow factory with the loss of 180 jobs. The company has 3,000 workers at Sheffield, Bradford and Glasgow. The Glasgow factory makes children's sweets.

The Cocoa, Chocolate and Confectionery Alliance said UK sales fell 6 per cent in the second half of last year because of increased VAT.

In the first four months of 1980 sales had continued to be disappointing, with the market depressed by apparently reduced purchasing power.

Export problem

The problem in export markets is underlined by statistics, which show that exports fell to £209m last year from the £216m in the previous year.

● More than 60 jobs will be lost at Croxden Gravel's concrete-pipe works, Cheadle, Staffs, which is to close. The company blamed public expenditure cuts.

About 240 workers of the Evode glue-making company, Stafford, will go on to a four-day week from Friday. The company blamed the recession for fewer orders.

The British Woodworking Federation said redundancies were occurring across the country. Companies complained about high interest rates restricting private house-building and industrial and commercial building. The strong pound affected exports while door-manufacturers continue to face imports.

High prices for Beaton furnishings

BY ANTONY THORNCROFT

CHRISTIES DISPERSAL yesterday of the contents of Reddish House, Broadchalke, Wiltshire, the home of the late Sir Cecil Beaton, attracted a great deal of interest, and prices generally were well above forecast. The morning session brought in £164,154, around 20 per cent above the estimate, and everything sold.

Top price of the day was the £10,000 for a set of Flemish oval marble medallions of the four seasons, dating from the early 18th century, and also for a Louis XVI tulipwood commode by F. Reizell. An Empire mahogany bureau plat sold for £7,500 and a bureau en pupitre of the same period went for £7,000.

An Italian Sicilian jasper and marble panel mounted on a dining table was bought for £6,500 while a pair of giltwood pier glasses made the same price. A black limestone centre table, the circular top inlaid with pebble shaped specimens of semi-precious stones and marbles, sold for £6,000.

The house was sold by Knight Frank and Rutley for £225,000.

Prints of views of the River Rhine from Speyer to Dusseldorf by Johann Ziegler were sold for £19,500 to a German buyer in a sale of prints at Phillips yesterday. The album, dating from around 1798, and containing only 44 of the 50 hand-coloured etchings after L. Janscha, was published by Artaria. It caused much interest among German buyers.

The sale realised a total of £31,918 with a set of six hand-coloured aqua-tints of the Northampton Grand Steeplechase, March 23 1833, by Henry Pyall after James Pollard, selling to a London dealer for £2,400.

Joseph acts on high-technology investment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE PROBLEMS financial institutions have in vetting investments in high-technology projects are to be studied by Sir Keith Joseph, Industry Secretary.

During his recent two-week visit to the U.S., which included meetings in the micro-electronics centres of California, he was impressed by the way private sector funds were made available for high-risk ventures.

On his return to the UK yesterday he said he had also been impressed by the facilities available in the U.S. for would-be entrepreneurs to start new projects through an extensive "venture capital network."

"There are wealthy individuals and funds who canalise risk money through venture capital entrepreneurs, themselves often young veterans of high-technology industries," he declared.

People in their early 30s retired from their own ventures and then used their skills to guide wealth into high-technology projects. Sir Keith had been told of one venture capitalist who examined a potential project every day and backed about six a year.

Of these, only a fifth turned out to be "stunning successes" and a further fifth were failures.

"The significance of this is that these sources of capital are guided by people from within the industry. They transfer their own high technology skills to funding others."

Sir Keith acknowledged that such funds are not available in the U.K. He recently commissioned a study of the problem by his Department, after two meetings in London with representatives of small high technology ventures and financial institutions.

But he has shown no interest in increasing the amount of industrial aid for high technology and he still has to make a final decision on funding for the INMOS microchip company.

Sir Keith also visited Mexico, and said he was "very impressed" with the rapidly growing Mexican economy and would do his utmost to bring it to the attention of British business. Britain had been late in realising the Mexican potential, especially for high technology and capital goods.

"There are no quick pickings in Mexico. But there is the prospect of establishing a growing market in a stable framework."

He said he would urge Mrs. Thatcher to visit the country. Lord Carrington, Foreign Secretary, and Mr. John Nott, Trade Secretary, are to go there this year.

Construction decline 'likely to continue'

BY MICHAEL CASSELL

UK CONSTRUCTION industries can expect a widespread and continuing decline in their workload for at least the next three years, according to the latest set of forecasts from the Building and Civil Engineering economic development committees.

The committees, in what now seems to have become a ritual repetition of the gloomy prospects facing the construction sector, say that the downward trend in activity which has characterised the industry for several years is set to carry on.

According to the forecasts, a steep downturn in the overall workload is expected in the current year. After last year's 6 per cent decline in the value of new work undertaken, the committees suggest that a further 5 per cent fall will be recorded in 1980. A further 5 per cent drop is expected in 1981 and a limited fall in output is also likely in 1982.

When repair and maintenance contracts are taken into account, the overall position looks slightly better, though the committees give a stark warning that this type of work—which has enjoyed an unprecedented boom in the last three years and managed to offset the bleak picture elsewhere—is also set to tail off.

By the end of 1982, the industry's workload is likely to be as much as 20 per cent below the level recorded in 1972. The only area of the construction industry which is thought likely to show any growth throughout the period under review is the private commercial sector, though the volume of business is not expected to grow by more than 5 per cent by the end of 1982.

The housing sector bears the brunt of the projected downturn. The committees conclude that new housebuilding programmes in the public sector will fall dramatically and that the outlook has deteriorated further since the last forecasts were made in December 1979.

Earlier suggestions that public sector housing starts could reach 70,000 in 1980 and 1981 have now been cut, with the committees predicting no more than 55,000 this year and 45,000 in 1981 and 1982. Completions are expected to fall to 95,000 this year against 102,000 in 1979, and will decline to only 50,000 by 1982.

In the private housing sector, the number of houses on which work begins is expected to drop sharply to around 115,000, compared to 140,000 in 1979.

Construction Forecasts 1980/1982, NEDO Books, £5.22p.

BSC plans to shed 1,500 Scottish jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BRITISH Steel Corporation wants to shed up to 1,500 jobs in its Scottish division by next March, union leaders were told yesterday.

Mr. Jake Stewart, the BSC's Scottish director, told Mr. James Milne, general secretary of the Scottish TUC, and Mr. Arthur Bell, Scottish officer of the Iron and Steel Trades Confederation, that it was hoped many jobs could be shed by natural wastage, although redundancies could not be ruled out.

BSC now employs just under 10,000 people in Scotland, compared with 15,000 in 1976.

It wants to reduce this to 8,500 and has been discussing with the unions how the jobs can be cut without losing productivity.

Much of the reduction would fall on the modernised Ravenscraig works at Motherwell, which employs more than half the Scottish workforce.

Since the end of the strike last winter the works has been moving towards its target output of 2m tonnes of liquid steel a year, at which it should break even.

● Redundancy negotitations are under way to cut the number of staff at BSC's Welsh division headquarters in Cardiff by a third, writes Robin Reeves.

The cut, which will reduce the number employed from 300 to 200, represents BSC's Welsh headquarters contribution to the halving of South Wales steel production to 2.8m tonnes, creating over 11,000 redundancies at Port Talbot and Llanwern steelworks.

In the early 1970s, BSC's Welsh division was responsible for steel plants employing over 70,000 workers. By the end of this year the number will be no more than 16,000—a drop of 30,000 from a year go.

Commons Treasury Committee attacked

THE STRAINED relationship between the Government and the all-party Treasury and Civil Service Committee of the Commons has come out into the open following public criticism of the MPs' work by Mr. Nigel Lawson, Financial Secretary to the Treasury.

The criticism comes in the somewhat unusual form of a statement made by Mr. Lawson during a meeting with regional City editors yesterday and issued by the Treasury.

After stressing the "important and distinguished" role of the committee, Mr. Lawson said that in some respects it had made a disappointing start.

"Its recent report on the Budget and the Government's expenditure plans to 1983-84 fails to grasp what the Government's underlying financial strategy for the medium term is about."

The statement highlights some of the strains which appeared during the committee's hearings in April and in its report a month ago. Treasury ministers felt that the committee, which is chaired by Mr. Edward du Cann, Conservative MP for Taunton, was concentrating too much on highly uncertain projections and too little on board policy. In part this was the result of the decision to leave major policy discussion pending an inquiry soon into monetary policy.

There is a lot of interest both in Westminster and in Whitehall to see how this relationship develops both during the monetary inquiry and during Treasury short study of information disclosures.

In his statement Mr. Lawson conceded that part of the fault might lie with Treasury Ministers for failing to make clear the true nature of the strategy. He then explained and defended the strategy and its centrepiece, the medium-term monetary target.

Footwear job losses 'due to imports'

IMPORTS were blamed for the loss of about 400 jobs announced yesterday by the footwear manufacturing division of the Ward White Group of Northamptonshire.

The group, which employs about 5,000 people, will close six units, five in Northampton and one in North Wales and concentrate shoe-production in three main northampton factories.

The group said: "In recent months the men's leather footwear trade has suffered from an increasing volume of imports and a downturn in exports due to the strength of the pound.

"This, coupled with a fall in retail sales of men's footwear, has led to a serious shortfall in manufacturing orders which has necessitated extensive short-time working."

More than 175 jobs will be lost with closure of a jute-spinning mill and a weaving plant, owned by Scott Robertson, in Dundee. The company blamed the recession in the floor-covering industry, and drop in demand consequent on strength of sterling. Operations will be concentrated at two of the company's other plants in the area.

UK NEWS

Employers look into print dispute split

BY ALAN PIKE

THE BRITISH PRINTING Industries Federation is to conduct an inquiry into the failure of its 3,700 members to maintain a common front during their recent pay dispute with the National Graphical Association.

During the dispute, the most serious to hit the industry for some years, the BPIF decided on a policy of suspending print workers taking industrial action.

Many companies failed to follow the suspenson policy, and some took business from those that did. In the resultant turmoil the national agreement which provoked the dispute disappeared, and most companies have settled at local level.

Concern about the condoct of the industrial action was voiced at the federation's annual meeting in London yesterday, where it was decided that the inquiry should be set up, and report as sooo as possible.

Mr. Stanley Clarke, acting chairman of the federation's industrial relations committee, warned that its negotiators could not be expected to "deliver in the end for what turns out to be a federation of semi-autonomous bodies with a whole variety of attitudes which pull individual members in different directions."

The question of survival had been paramount for many companies, but "a reaction which only takes account of tomorrow, rather than longer-term fitness, does not augur well for the industry."

There must be a review as to why so many members failed to follow federation advice "in the knowledge that the NGA's tactics were designed to pick us off one by one."

Mr. Clarke said that the NGA was pursuing an "aggressive" wages policy likely to lead to lost jobs in an industry which has so far maintained its employment levels.

He commented on the action of the Newspaper Society, the organisation representing provincial newspaper companies, which went into the dispute with the BPIF, but began separate negotiations while the action was in progress.

It was possible, said Mr. Clarke, that the Newspaper Society had reached the right conclusions which would in the long run prove in the best interests of both organisations.

The BPIF has, through resignations and expulsions, lost about 200 members since the dispute, though a number of other companies joined for the first time when faced with industrial action.

It is not the first employers' organisation to have discovered the difficulties of maintaining solidarity among a diverse membership, and the inqoiry will be concerned with ways of overcoming such problems.

Ambulance warning

AMBULANCES are not a hospital taxi service says the North Western Regional Health Authority.

They have launched an economy campaign after they discovered an average 400 wasted trips a day were made in Greater Manchester—mainly because of wrong addresses and appointment times being given, and patients being out when ambulances arrived.

BNOC to end Texaco contract

By Maurice Samuelson

BRITISH NATIONAL Oil Corporation has refused to renew a contract to supply crude oil to Texaco. For the past two years Texaco has been purchasing about 20,000 barrels a day from the State-owned oil concern.

News of the decision follows BNOC's agreement to increase supplies to British Petroleum from about 120,000 b/d to about 200,000 b/d in the second half of next year.

BNOC refuses to discuss its relations with its customers. It therefore will not comment on suggestions that it is shifting supplies to help BP, which has lost all its traditional sources in Iran and some in Nigeria.

Texaco will, however, be more than compensated by the oil which it is due to start producing at the end of next month from the North Sea Tartan Field. By the end of next year Tartan is scheduled to yield about 75,000 b/d of crude.

The Department of Energy said last night it was aware the Texaco contract had not been renewed.

Bridges over M1 bridges

THE CONSTRUCTION of "bridges over bridges" on the M1 near Heath and Barlborough in north Derbyshire started yesterday.

The temporary bridges, which will take seven weeks to complete, are necessary because of the danger of mining subsidence under the motorway.

Pregnancy test drug company loses plea in Appeal Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

Schering Chemicals, the West German drug manufacturer, which faces worldwide lawsuits alleging that a pregnancy testing drug caused deformities in children, has failed in an attempt to have claims by five English children heard together.

The Court of Appeal yesterday upheld a High Court judge's decision that two of the claims, fixed for October 5, 1981, should be heard first, the other three being deferred.

Schering Chemicals and its English subsidiary also lost their appeal to have the question of whether the drug, Primodos, could have caused the deformities tried as a preliminary issue.

The Appeal Court had been told that the implications of the lawsuits were even wider thao those in the thalidomide case.

Primodos was first marketed in the UK in 1958. It has now been withdrawn.

Lord Denning said that there was a difference between the thalidomide and Primodos cases. Thalidomide had been proved beyond question to have caused deformities and the only question had been whether its makers had been negligent, said *Lord Denning*.

Primodos had not been proved to have harmed any child, and Schering denied that it was capable of doing so. Some of the congenital malformations in the children in the Primodos claims were also found in children whose mothers had not taken Primodos or any other hormone pregnancy test.

Preparations for the two cases fixed for hearing next year were well advanced. The other three cases had only just been started.

The first two both involved heart defects; the deformities in the others included hare-lip, limb shortening and dropsy of the spine.

Schering contended that the heart defect cases would not give adequate guidance for the remaining claims because they did not cover a sufficient sample of deformities.

Lord Denning said that if the five cases were ordered to be heard together the trial might be delayed and made more expensive. All the plaintiffs were legally-aided and the British taxpayer should not be required to bear the extra expense.

Justice could be done if the two heart cases were tried first. If they failed, all the others would fail; if they succeeded, it would not follow that all others would succeed.

Rejecting Schering's claim for a preliminary hearing on causation, Lord Denning said that the issues of causation and negligence were inextricably bound together.

Lord Justice Dunn agreed that Schering's appeal should be dismissed with costs.

Rescue for N. Ireland glassmaker

By Our Belfast Correspondent

AN AILING Northern Ireland crystal glassware maker which was in daoger of closing has been bought by Mr. John Graham, a millionaire who emigrated to Australia from Northern Ireland 29 years ago.

Tyrooe Crystal, based at Dungannoo, has been seeking a buyer for almost a year in an effort to save the operation and the jobs of 150 people.

Mr. Graham, says be has acquired the eotire equity of the company.

He has proposed an immediate injection of £450,000 for new machinery to increase production of lead crystal glass. He is coofident a substantial world market exists for a quality prodoct.

His plans will mean an increase in the labour force of about 40 oace oew furnaces have beeo installed.

Tyrone Crystal was established in 1971 with funds raised by the local commonity in an effort to combat unemployment. It has been sustained by aid from the Northern Ireland Department of Commerce.

Mr. Graham says liabilities amouot to £1.2m. He hoped the company could return to profitability by April.

New post for Mersey Docks chief

By William Hall, Shipping Correspondent

THE GOVERNMENT has removed Sir Arthur Peterson from his job as chairman of the Mersey Docks and Harbour Board and made him chairman of the Natiooal Ports Council, which it is in the process of abolishing.

He is being replaced by Sir John Page, chairman of the National Ports Council, whose appointmeot expires this month. Mr. Melise Nicolson, one of the three Government-appointed directors on the board of the Mersey Docks, has resigned because of his disagreement with the choice.

The Mersey Docks and Harbour Board held a special meeting yesterday to consider Sir John's appointment as a director and prospective chairman — a post he held for 5½ years before moving to the NPC. After 1½ hours the Board agreed to the new appointment which takes effect next week.

Sir Arthur, a former permanent uoder-secretary of state at the Home Office, had indicated to Mr. Norman Fowler, the Minister of Transport, that he would be happy to stay on as chairman of the Mersey Docks after his appointment expired in September.

He said yesterday that he was glad to join the NPC where he will be involved with its administrative run-down. He will also be concerned with its detailed study on the future of the Port of Liverpool.

Sir Arthur has never hid his view that Liverpool was being treated unfairly by comparison with London in terms of Government aid, and it has beeo suggested that this irritated Mr. Fowler.

New threat to road repairs

GOVERNMENT CASH limits on local authorities could force a further cut of 7 to 8 per cent in road maintenance if inflation continues at more than 20 per cent, the British Road Federation has said.

Mr. Tony de Boer, chairman of the federation said in London: "This hidden squeeze must put crippling pressures on local authorities and I do not believe that road maintenance can escape."

Consumer spending and credit begin to decline

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN the shops and the amount of consumer credit extended, have both begun to fall in the past couple of months, according to the index of retail sales published yesterday by the Department of Trade.

The decline appears to have begun in the middle of April, and so is only partly shown in the figures, bot it has subsequently been borne out by both the drop in new car registrations and the reports from store groups.

The final seasonally-adjusted index for April was 102.3 (1976=100) compared with a preliminary estimate of 103. This follows a figure of 102.6 in March and an average of 103.5 in the previous two months.

The Department of Trade says between March and April a decline in food retail sales (including off-licences), where trade may have been boosted in March by pre-Budget buying, more than offset an increase in sales by clothing and footwear retailers.

Because of the earlier higher level of trade the volume of sales between February and April was about 0.5 per cent higher than in the previous three mooths.

The average volume of sales by food retailers between February and April was 2 per cent higher than in the previous three months. Sales by household goods retailers fell 2 per cent and by clothing and footwear retailers dropped 1 per cent. The trade of other non-food retailers increased 2 per cent.

The level of new hire purchase and other credit extended by finance houses, other specialist consumer credit grantors and retailers has fluctuated sharply from month to month. The April total of £676m compared with a revised £641m in the previous month and £665m in February.

But on a longer-term comparison, the value of new credit extended between February and April was only 1 per cent higher than in the previous three months. Since these figures are in current prices and the rate of inflation was much higher in this period, this implies a marked fall in the volume of credit.

In value terms, new credit extended by retailers fell 1 per cent over the three months. There was a 2 per cent rise for finance houses and other specialist credit grantors.

Based on non-seasonally adjusted data, the value of retail sales in April was 13 per cent higher than a year earlier. In the first four months of this year the average value of sales was 17 per cent higher than in the same period of 1979.

David Churchill on the slump in consumer spending

High Street belts tighten

THE HIGH STREET price war is expected to intensify over the next few months in response to the slump in consumer spending in recent weeks.

Although most attention has been focused on the fighting between supermarket groups—backed by extensive television and press advertising—the competition between other High Street stores has been growing. This battle has been fought mainly at the point of sale rather than on the television screens — but Littlewood's decisioo this week to back its £10m price cuts with a £60,000 advertising campaign may change that.

Littlewood's price rednctions on foods and clothing—partly financed by suppliers—seem likely to turn the traditonal summer sales into something of a blood-bath. Already some department stores and smaller multiple stores groups are finding the combination of rising costs, high interest rates and falling demand is severely limiting their profitability. Many retail analysts expect more retail rationalisation this year, with some groups merging to their mutual advantage while othrs are taken over on the verge of collapse.

The position in the High Street is starkly different from 12 months ago. In early June last year, consumers went on an unprecedented spending spree before the Conservative Government's first Budget. Shoppers' anticipation of an increase in VAT—it rose to 15 per cent—proved correct and a sharp sales fall followed.

Spending partly recovered in the autumn with the October tax rebates, but some sectors—particularly clothing aod footwear—were badly bit. In spite of a late rush, pre-Christmas speoding was less than expected, although areas such as consumer durables remained in heavy demand.

Retailers' expectations of a post-Christmas slump proved unfounded, however, as retail sales stayed relatively buoyant.

Some retailers had felt that the rising inflation rate and, more important, the rise in mortgage and bank overdraft interest rates would squeeze sales. Bot as it turned out, any loss of sales there was more than compensated for by the high wage settlements achieved by consumers not saddled with heavy financial commitments.

Thus, while the bastions of the middle-class—the department stores — have suffered badly all year, more down-market chain stores such as British Home Stores and Littlewoods have benefited. Mail order sales also have been good.

Now, however, the rise in retail inflation has begun to outstrip the increase in earnings. Consumers of all social grades are becoming careful about their disposable income.

> 'In the longer term present trading difficulties must further strengthen the large multiple chains.'

Mr. Richard Weir, director of the Retail Consortium, said yesterday many retailers had reported a substantial fall in demand over the past few weeks. "Sales are becoming hard to come by," he said, adding that "many retailers are now trying to keep volume sales up by cutting margins and prices."

Further evideoce of this slump was shown by the latest Financial Times survey of consumer confidence, published late last month. The qoestioo about consumer attitudes to consumer durable purchases had shown demand at a high level early io the year.

But in May, the survey of just over 1,000 adults showed consumers who felt now was a bad time to buy durable goods were in the majority for the first time in several months: 37 per cent, against 36 per cent who thought it was a good time. This gave an index figure of minus 1 per cent, a 2 per cent fall on the April figure.

Unlike last year, however, when the pre-budget spending spree kept retailers happy, 1980 offers no such silver linings in the clouds over the industry. Mr Weir believes the slump in sales will continue for several months, at least until interest rates and the rate of retail price inflation starts to fall.

Stockbrokers Phillips and Drew, in a retailing review published this week, also take a gloomy view. "Given the anticipated squeeze on real disposable incomes, we expect the decline in sales volume to continue, with real demand falling by abont a percentage point in both 1980 and 1981," the brokers say. They add: "Given the increasing cost pressures on retailers, net margins are likely to fall sharply, restricting the growth in pre-tax profits to around 5 per cent."

In the short-term, however, the balance in the market place seems firmly tipped in favour of the consumers, with retailers fighting hard to persuade them of the merits of particular shops. Such efforts can only lead to more advertising and promotion by retailers, much to the relief of an advertising industry worried by the recession.

But the decline in consumer demand will also have repercussions on manufacturers as retailers seek higher discounts from them. Thus, rationalisation among some consumer product manufacturers—especially in the clothing industry—seems as likely as for retailers themselves.

In the longer term, however, the present trading difficulties in the High Street most further strengthen the large multiple chains, which are best able to weather the decline in demand as well as rising costs.

Computer companies lack skilled staff

BY GUY DE JONQUIERES

THE SPREAD of computer technology in Britain during the next decade will be severely constrained by shortages of skilled manpower, according to a report published yesterday.

The report, issued by the *National Economic Development Office*, argues that this problem will prove a far more serious obstacle to development than the much-discussed social consequences of the widespread application of the technology.

It estimates that there are now about 275,000 people in the UK with computer-related skills, at least 25,000 fewer than are needed immediately. Of these, about 16,000 are programmers and analysts.

Industries using computers will need at least 500 extra programmers a month up to the end of 1985. Some manufacturers are turning down orders because they are not confident of meeting manpower shortages.

Computer suppliers and users will increasingly be in competition for the skilled personnel available. Already, inadequate manpower supply has raised the rate of labour turnover in the industry to more than 20 per cent a year.

The report says that the shortage of analysts and programmers could be eased by 1985 through more numerous and better-designed training programmes.

Employers could help relieve the situation through better manpower planning, says the report. Too many of them recruit engineers, computer science graduates and mathematicians for jobs which could be performed as well by other types of graduates or by people without degrees.

But the report is less sanguine about the prospects for solving a second major problem — the serious shortage of staff with skills in engineering, systems and software which afflicts suppliers of computer hardware and services.

No adequate solution is likely to be found this century, it says. It estimates that about 6,000 more professional engineers are needed in the UK at present, but says that the forecast growth in labour supply of 2.5 per cent a year *is far below future needs.*

In the longer run, economic and structural pressures will force technology to be applied to the design and production of software. But this is unlikely to happen before 1985.

The report calls on the Government to step up its support for training in programming and recommends that a greater national effort be focussed on the development of computer skills, perhaps through the Engineering Industry Training Board.

● Computer Manpower in the '80s, published by the Electronic Computers Sector Working Party Manpower Sub-Committee of the National Economic Development Office. Available from HMSO, price £10.

Manufacturers face severe squeeze on food margins

BY GARETH GRIFFITHS

FOOD MANUFACTURERS face a continuing severe squeeze on their margins in the next couple of years with the increasing cost of launching new brands favouring the larger companies.

Mr. David Nolder, of stockbrokers Scrimgeour, Kemp-Gee, suggests in the introduction to a Jordan's survey of the food processing industry, published yesterday, that manufacturers will face continued strong competition in the main growth areas of frozen vegetables, breakfast cereals and snack foods.

In spite of the increased purchasing power of the large retailers, he says there will be a limit to the size of trade discounts. Manufacturers, retailers and the farmers have made an informal survival pact for the 1980s, with the supermarket chains realising they need a strong and varied manufacturing base to supply new products.

The survey says the industry has recovered well from the mid-1970s recession in food sales. In 1978 food processing industry sales were more than £14bn, involved 5,000 manufacturers and accounted for 18.7 per cent of consumer spending. The UK accounts for 11 out of the top 50 food processing companies in the world and several companies have shown massive increases in turnover and pre-tax profit.

Further rationalisation is inevitable, the report says, and growth will depend to a large extent on the quality of management in individual companies. Changes in technology, freezer ownership and the increasing number of meals eaten outside the home, will provide the main influences on the industry.

Seminar for small businesses

A ONE-DAY seminar in London on June 17 will discuss finance sources available to the small businessman, and taxation-planning following the Budget.

The seminar, at the Park Lane Hotel, is organised by the Association of Independent Businesses. Speakers include Mr. Bruce Sutherland, chairman of the taxation committees of both the Institute of Directors and the Association of British Chambers of Commerce.

Whitbread report goes to DPP

By Gareth Griffiths

THE DIRECTOR of Public Prosecutions is considering a report from South Yorkshire Police concerning brewers Whitbread East Pennines, in Sheffield. A decision is expected early in the autumn.

The police report covers the payment of about £500,000 in commission to individual employees of licensed premises in return for placing orders to Whitbread from their organisations.

More UK News on page 28

Political, business and sports clubs, and workingmen's clubs and institutes are alleged to have been among the organisations concerned.

South Yorkshire police said the investigation took 18 months and the report has been with the DPP for two months. It is understood to be long and the police were given several hundred photocopies of transactions during the investigations.

Whitbread East Pennines, which covers the North East and Yorkshire, was unavailable for comment last night.

Paper to close

THE UTTOXETER News, published by the Burton Daily Mail, is to close this month after a life of eight years.

ICI starts £27m solvents plant

BY RHYS DAVID

A £27M plant to take advantage of worldwide demand for safer industrial solvents has been commissioned by ICI's Mond division at its Castner-Kellner works at Runcorn, Cheshire.

The plant, which has a rated output of 100,000 tonnes a year of Genklene 111 trichloroethane, will double ICI's previous capacity, and can be extended to 120,000 tonnes.

Major customers include motor and aircraft manufacturers, electrical engineering, road and rail transport, textiles, paper and other industries where solvents are needed to remove wax, grease and oil, acquired during the manufacturing process from metal and other material.

The investment, formally unveiled last week by the Prime Minister, Mrs. Thatcher, is designed to capitalise on the shifts away from older solvents such as Trichloroethylene and perchloroethylene. ICI will continue to make both of these but believes demand will decline because of increasing pressure for a reduction in the exposure of plant operators to chlorinated solvents.

Cleaning power apart, Genklene's important properties include its non-flammability and low toxicity. ICI says it also has a lower operating temperature, enabling energy consumption to be reduced.

Its drawback is a significantly higher cost—40 per cent more than its older rivals. But ICI says this is offset by reduced spending on energy and by saving of as much as 10 to 20 per cent in the amount of solvent which need to be used.

The investment is intended to consolidate the group's strong position in the European chlorinated solvents market, where it claims to be the biggest manufacturer.

More than half ICI's output is exported, with Europe the main market. Genklene is also being exported to deep-sea markets including the Middle East, eastern Europe, Africa and the Far East. The company is forecasting a growth rate of 8 per cent a year in the trichloroethane market in the 1980s.

Competition in Europe comes from three other producers—Dow Chemicals, Solvay and Rhone-Poulenc, but none of these is believed to be increasing capacity at present. ICI admits that the rise in the value of sterling has made exports less profitable than when the project was sanctioned four years ago, particularly in dollar denominated markets. The company claims, however, that the technology it has developed "in house" for making Genklene will enable it to remain at least as efficient as any other producer.

£938m new funds for life assurance

BY ERIC SHORT

LIFE ASSURANCE operations of the home-service insurance industry last year generated more than £900m-worth of new savings in the UK claimed Mr. Nevil Carroll, vice-chairman of Britannic Assurance Company and chairman of the Industrial Life Offices Association.

In his progress report for 1979, Mr. Carroll said life assurance funds of the home-service companies in the UK represented the trusted channel for personal savings of most British families.

Last year this growth in funds amounted to £938.5m, of which £434.5m came from industrial life funds and £504m from ordinary life funds.

Home service insurance companies are those life companies selling both industrial and ordinary life business through agents calling at policy-holders' homes.

With industrial life business, premiums are paid weekly or every four weeks, direct to the agent; with ordinary-branch life business, premiums are paid annually, quarterly, or monthly either to the agent or by direct debit.

Mr. Carroll said the industry had had a very good year in 1979, with premium income advancing 25 per cent to £1.146bn and investment income 23 per cent to £923m. Total payments made to policy-holders was 12 per cent higher, at £761m.

Home-service life companies are paying out more than £2m a day to policy-holders or dependents in death claims, or on policies maturing or on surrender.

Outlook good for makers of fire protection goods

BY JAMES McDONALD

LONG-TERM GROWN prospects for companies making fire protection equipment may be boosted by tougher legislation and by pressure from insurance companies for better fire protection, according to a survey of 60 companies by ICC Business Ratios, a division of Inter Company Comparisons.

But in the medium term, "the outlook is not so promising, especially as economic activity in this country slows in the face of high interest rates," the report says.

The industry is highly fragmented, with many small, highly profitable companies, often specialising in high-technology products. Although the incentives for the industry are strong, with losses of £400m a year from fire damage in the UK "sales growth has never been particularly strong, partly through competition between the major concerns in the industry."

The survey, which analyses the companies' accounts over a three-year period, indicates that most companies showed sales growth of 10-20 per cent, with smaller companies generally doing better.

Although profits rose overall in the 44 companies surveyed, the number of lossmakers increased from six in the first year, to seven in the second and ten in the third year. In spite of this the overall return on capital employed rose modestly in the three years from 20.9 per cent to 21.9 per cent.

Fire Protection Equipment Manufacturers, ICC Business Ratios, 81, City Road, London EC1, £65.

From the line-manager's mouth . . .

BY MICHAEL DIXON

"WE MANAGERS should remember our responsibility for helping to perpetuate this annual exercise in fulility," snorts reader Philip Virgo. He defines the said exercise as the "trauma" for students and their families (end their lutors too, I would add) of the June examioation season.

Precisely what haa touched Mr. Virgo's emotions, f cannot be sure. But it hes cerlainly touched them. His comments call to mind Gore Vidal's image of "a viper stirred with a slick on a wet Monday morning." Moreover, they are germane tu the cruciet issue of the preparation and selection of people fnr jobs, discussed in last Thursday's colnmn which, by an odd coincidence, was being written at the same time as Philip Virgo was writing his letter.

That colnmn asserted that the United Kingdom's educational establishment has neither the right nor the means to deny employers a say in the design of educational curricula end exams, on the grounds that "it is by no means clear that industrialists know what industry needs from the education system, nor yet that they act out what they say they believe."

The ergument behind the assertion rests on the fact that, although preparing people for working life is not the whole object of formal education, it is nonetheless part of the object and an extremely important pert. The money used in education is generated by industry and commerce. So unless the education system achieves that part of its object effectively, it does not earn its living. To this extent, the educational establishment is no different from any other organisation whose existence depends on meeting the needs of its customers. It is unlikely to cease being in that basic position, regardless of the educators' aspirations towards improving both individual people end society in other ways.

Now, while ir is true thet employers have mostly been too lazy to try both to define and to state clearly what kinds of skills they require in recruits, it is hardly their job to do so.

As with any other organisation whose existence depends on meeting the needs of its cuslomers, it is essentially the job of education to find out what those needs are. But educalion, in particular, has by its own values imposed on itself an added responsibility.

My experience suggests that people who work as educators regard themselves as well educated. A generally accepted duty of those who work as educators is to strive to improve the understanding of other people. But it is a duty which cannot be discherged by educators unless they first fulfil the equally accepted duty of the well educated to strive to achieve an increasingly improved understanding themselves.

So the educational establishment is up a two-pronged creek without a paddle if it takes the position that, since employers neither know whet they want from education nor act in accordance with what they say they want, employers are too pig ignorant to be worthy of the educetors' serious attention.

Different

Whatever employers doo't know, it is abundantly plain that they do know that they want something different from what aducation is sending them at present. It is elso plain thet the educators are ignorant of what that something different may be. In that case, the logic both of their economic position and of their philosophy surely requires them to strive to find out. Until they do so, it is the behaviour of the educational establishment which is the more fundamentally ignorant.

Thus runs the detailed argument which led Thursday's column to appeal to the Prime Minister to make it unmistakably clear to the educators that they have no justification for standing aloof from and supposedly superior to the country's employers. I am sorry to have spelt out the argument at such length, but it seemed to me essential to do so if justice were te be done to the comments of Phillp Virgo—who would have the educational establishment taught the lesson even more eharply than Mrs. Thatcher would teach it.

He starts from the premise that, beyond the stage of 16-plus exams such as the Ordinary levels of the General Certificate of Education, the academic examination system "exists primarily for the henefit of those whose sole talent is the ability to pass exama." He continues as follows:

"The best of these people go into ednication to train new generations to pass exams. The rest are recruited on bebalf of us managers. When we find they have no other talent we pass them back to personnel who employ them in writing job-descriptions, a taak for which their lack of imagination and their docility appear, disastrously, to suit them uniquely.

"Here they write a requirement for GCE Advanced levels, degrees and professional qualifications into the most meniat of tasks, thus blocking off our sources of non-graduate recruitment and ensuring that any creative talent the potential candidate may bave had, has been destroyed by the academic sausage machine.

"So what can we, as managers, do about it?

"When vetting any job-description, just delete fancy qualifications unnecessary to the job. For example, giveo a description stating 'must have at least two A levela: suitable for an arts graduate,' substitute 'must have basic literacy and numeracy; Ordinary levels in English and also mathematics, or equivalent certification, will exempt from a written test.'

"We all know that the head boy of a minor public school who has been sent down from university for publisbing its examination papers, is likely to be a better manager than someone with an upper second-class honours degree in sociology. So let us dictete our requirements to the personnel staff who do the 'milk-round' recruiting at universities and polytechnics, and make sure that they communicate our requirements to the students.

"Do not bother with the academic establishment. They will not bear. For them even to acknowledge the question means decimation of their ranks.

"However, without the docile unquestioning faith of the students, at present reinforced by our recruitment standards, the system will collapse. We can then replace it with a less irrational selection procedure which will identify those capable of co-operation, creativity, leadership and teamwork (the cheats, the rebels, the organisers, and the games players)."

Now, lest Mr. Virgo's somewhat uncompromising appeal to his fellow line-managers be taken by the educational establishmeot as a further exemple of employers' ignorance, I had better give a warning. If that is so, then there is evidently something dodgy about the educators' methods of judgment. For Philip Virgo has both an MA and an MSc degree, not to mention a brace of professional qualifications.

Difference

It would be wrong, too, for anyone to assume that his views as stated accord completely with those of this column. I could not agree that academic exams are aolely for the benefit of those with the aptitude to pass them. Rather, the academic system of education including its examinations exists primarily for the purpose of identifying and training future academics—and it would be futile to deny that a fair number of academics have proved to he of outstanding benefit to humanity at large.

Another point of difference is Mr. Virgo's contentioo that the academic sausage machine destroys any creative talent that its human prodncts may have possessed. That is clearly not true. In the main, however, the degree examinations do seem to filter to the top people who are less inclined to use their generally developed judgment in pursuing success by taking considered risks, than to use their academically refined intellect to insure against failure by devising and enforcing bureaucratic procedures which progressively limit risk-taking by anyone.

Since it seems reasonable to suppose that this primary purpose and this apparent effect of the academic education do not coincide with the wealth-geoerating activities of industry and commerce, employers cannot be dismissed as mistaken—and much less as ignorant—for wanting something different.

And if the educational establishment does not try to find out what the different something is and thereafter either adjust its activities accordingly, or make plain its inability or unwillingness to do so . . . then one thing seems clear. It is thet employers will stert acting in the way that Philip Virgo suggests. Make no mistake: although he may seem to be a lone voice crying in the wilderness, there are many line-managers with similar views.

Which is why I now repeat my appeal to the Prime Minister to give the educators a cogent warning, and why I hope that the academic establishment will take notice of it far more seriously than most of them took the Labour Government's ironically named "great debate."

The alternative outcome — that the lesson will be learned by bitter experience — would surely beve the effect of severely reducing the UK education system's present cepability of providing benefits which are not measurable in economic terms.

COMPANY NOTICES

RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that Dividends have been declared payable to members registered in the books of the undermentioned companies at the close of business on 27th June, 1980 and to persons presenting the appropriate coupons detached from share warrants to bearer. The dividends on share warrants to bearer will be paid in terms of a further notice to be published by the United Kingdom Secretaries on 4th July, 1980.

NAME OF COMPANY (Each incorporated in the Republic of South Africa)	Dividend Number	Coupon Number	South African Currency cents per share
Blyvooruitzicht Gold Mining Company, Limited	(Final) 69	—	185
Durban Roodepoort Deep, Limited	(Interim) 113	113	160
East Rand Proprietary Mines, Limited	(Interim) 117	118	175

In the respective Chairman's Stetements included in the annual financial statements for 1979, reference was made to the large capital expenditure programmes to be undertaken by both Durban Roodepoort Deep Limited and East Rand Proprietary Mines Limited to facilitate long-term continuity of profitable mining operations. Increased retentions will be required to assist in financing capital expenditure programmes and to enable them to proceed unhindered by temporary adverse fluctuations in the price of gold. Accordingly, in declaring the interim dividends, the directors have taken this into account and retentions have been increased. It will probably be necessary to retain further amounts at the end of the financial year.

The register of members of each company will be closed from 28th June to 6th July, 1980, inclusive, and dividend warrants will be posted on or about 31st July, 1980.

The dividends are declared in South African currency and the rate of exchange at which they will be converted into United Kingdom currency for payment by the United Kingdom Registrars and Transfer Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 28th June, 1980 on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividends.

The full conditions of payment of these dividends may be inspected at or obtained from the offices of the companies in Johannesburg or in the United Kingdom.

By Order of the Boards
V. M. Morton
Administrative Manager and Secretary

Registered Office:
15th Floor, 63 Fox Street
Johannesburg 2001
(P.O. Box 62370 Marshalltown 2107)

United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited
P.O. Box 102
Charter House
Perk Street, Ashford
Kent TN24 8EQ

Offices in the United Kingdom:
Charter Consolidated Limited
40 Holborn Viaduct
London EC1P 1AJ

9th June, 1980

Ford

BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 10th April 1980, NOTICE is now given that the following DISTRIBUTION will become payable on or after 12th June 1980.

Gross Distribution per Unit	5.00 cents
Less 15% U.S.A. Withholding Tax	0.75 cents
	4.25 cents
Converted at $2.36	= £0.0180084

Claims should be lodged with the DEPOSITARY: National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London, EC2 on special forms obtainable from that Office.

United Kingdom Banks end Members of The Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank Limited. Postal applications cannot be accepted.

5th June 1980

EDUCATIONAL

NHS clerical staff may take disruptive action

BY NICK GARNETT, LABOUR STAFF

UNION DELEGATES representing most NHS administrative and clerical staff yesterday mandated negotiators to order any form of industrial action necessary in a dispute over pay.

The decision, taken at NALGO's annual health group meeting, could disrupt the process of admitting and discharging patients, processing samples for analysis, ordering materials and record keeping.

Negotiators were told to draw up plans for industrial action among its 30,000 nurses and midwives in co-operation with other unions in a similar pay dispute.

Nurses leaders are considering whether to organise e national ballot on whether to continue to fight the Government's insistence on a pay settlement within the 14 per cent cash limit.

Mr. Patrick Jenkin, Social Services Secretary, has insisted that the nurses are unlikely to be offered any improvement on the present 14 per cent offer when unions and management meet today.

The Royal College of Midwives yesterday followed the Royal College of Nursing in advising its mebers not to take industrial action over the present pay row.

The RCM said the Government decision was likely to increase the already acute shortage of NHS midwives.

The Confederation of Health Service Employees, representing 130,000 nurses, will decide at its annual conference in Blackpool next week whether to act over pay.

The NALGO meeting at Eastbourne also instructed officials to initiate industrial action with other unions if necessary on behalf of paramedial staff pay.

NALGO has more than 80,000 NHS administrators and clerical staff whose pay has previously been linked directly with the appropriate Civil Service grades.

This year, however, the union has been offered 14 per cent against the Civil Service settlement of 18 to 19 per cent.

"The money is ours and we demand it," said Mrs. Elaine Harrison, union senior assistant organising officer. She warned that the battle would not be won easily.

The NALGO motion on nurses' pay deplored the Government's refusal to exceed the 14 per cent cash limit. It also complained of inadequate staffing cover by qualified staff in most hospitals.

Caretakers face expulsion

By Our Labour Staff

FOUR LONDON school caretakers have come under threat of expulsion from their union for refusing to join the TUC's Day of Action on May 14.

If the executive of the National Union of Public Employees respond to a local Haringey branch request for expulsion, the caretakers could lose their jobs.

Mr. Gordon Poyner, NUPE area officer, said yesterday that a union agreement with Haringey Council might prevent them from continuing to work at the Wood Green Comprehensive in North London.

He said the branch had called for their union cards to be withdrawn because they had failed to comply with a majority branch decision to support the Day of Action.

One of the caretakers, Mr. Joe Marler, was a former branch chairman and had himself called for majority decisions to be obeyed in the past.

The caretakers, who argue that it should be an individual choice whether to join a political strike, bave since joined the Transport and General Workers' Union.

Their former branch colleagues want the caretakers' membership revoked.

● IPC TALKS: Meetings this week between journalists, management and conciliators at the International Publishing Corporation will determine the shape of future pay negotiations.

The National Union of Journalists' 1,400-strong group chapel (office branch) will meet tomorrow to decide on a revamped wages and conditions package.

On Thursday, management and union sides will meet at the Advisory, Conciliation and Arbitration Service offices, to continue negotiations on pay for the six-week period in which the journalists were formally dismissed. On Friday, the two sides are expected to come together to talk about the journalists' 28 per cent pay claim.

● MISSILE PROTEST: The Association of Scientific, Technical and Managerial Staffs voted overwhelmingly, at its annual delegate conference at Brighton yesterday, to demand a ban on Cruise missiles in the UK. The union has also called for legislation to ban lead additives in petrol.

● GLAXO OFFER: The General and Municipal Workers' Union is to recommend acceptance of an offer averaging 18.5 per cent to its 1,000 workers at Glaxo.

● PAY DELAY: NALGO computer operators in London and Birmingham are taking unofficial action preventing payment of recently-awarded salary rises to hospital doctors and dentists. The action, in support of a pay grading dispute, is also affecting payment of an interim salary rise to paramedical staff.

Clearing Bank Union offers better relations

BY PHILIP BASSETT, LABOUR STAFF

THE NEW joint staff union representing clearing bank staff at Barclays, Lloyds and National Westminster yesterday held out the prospect of improving the strained working relations between the staff associations and the Banking, Insurance and Finance Union.

Negotiations on the formation of one staff union for the clearing banks collapsed at the end of last year. The staff associations from the three banks — Midland's staff association was taken over by the Association of Scientific, Technical and Managerial Staffs six years ago —decided then to form the new joint union.

Members of the three staff associations last week voted overwhelmingly for the new union, to be called the Clearing Bank Union. The union will have about 90,000 members and should be inaugurated in two months' time.

Mr. Jack Britz had been appointed general secretary of the new union. His £18,000 salary is in the upper bracket of union leeders' pay.

Mr. Britz said that divided staff representation in the banks had made things difficult for the unions, and to some extent for the employers although they had been able to play one union group off against the other.

The CBU and BIFU would have to co-operate and work together "because in the end it seems sensible that there is one organisation in the banking industry for all employees."

BIFU is a TUC-affiliated union, but Mr. Britz made it clear that the CBU would not epply immediately to affiliate, since it needed time to establish itself. Such an application would probably be rejected.

The CBU will negotiete at national level while the present three staff associations handle in-house negotiations. The structure gives enough freedom for recruitment among non-unionised bank staff and for the CBU to improve its position in the clearers against BIFU.

Mr. Britz, who described himself politically as a "moderate social democrat" is at present group personnel director of Browthorpe Holdings, an electrical contracting group.

New arbitration service proposal not favoured

BY PHILIP BASSETT,

A GOVERNMENT arbitration service aimed at resolving disputes without costly and damaging industrial action was proposed yesterday by the Central Arbitration Committee.

The proposal has found little favour among the council of the main arbitration agency, the Advisory, Conciliation and Arbitration Service, which has decided not to endorse that part of the CAC's annual report in which the suggestion is made.

The CAC's report suggests a review of the role of arbitration in industrial relations procedures. It saya the value of arbitration is not well enough understood and not fully utilised.

Unions and employers tend to be suspicious of arbitration: Union because agreement to it often seems to be an acceptance of a settlement lower than a claim, and management because they often see it as awarding highar increases than they can afford or justify.

ACAS prefers non-binding conciliation in disputes.

The CAC, a Government agency, maintains that arbitration has rather more to offer than just an award which bisects claim and offer. Its problem-solving approach "removes many of the risks inherent in the reference of a major issue to arbitration."

The committee also rejects the suggestion that its awards made under Schedule 11 of the Employment Protection Act, which is to be repealed by the Employment Bill, and the Fair Wagea Resolution, have been inflationary.

Many Conservative MPs have suggested both options were a way round pay policy restrictions, but the report notes that while the number of casea dropped off after the formal ending of pay policy last year many cases studied thet would have qualified as "equitable exceptions to pay policy" in fact failed to do so.

The report states that 62 per cent of Schedule 11 awards and just under half of the fair wages awards gave increases of 10 per cent or less.

Observer and NGA seek print schedule agreement

BY JOHN LLOYD, LABOUR CORRESPONDENT

TALKS between the management of the Observer newspaper and the National Graphical Association, aimed at restoring the paper to profitability and streamlining its printing schedules, will continue this week.

Mr. Brian Nicholson, joint managing director of the Observer, said yesterday that the main aim of the talks on new technology, which the paper hopes to phase in over the coming year, was to conclude an agreement allowing the Observer to print four separate sections in one run on Saturday night.

Mr. Nicholson said that the newspaper waa making a "small weekly loss," but that it could be returned to profitability. "We must employ a reasonable number of people at a reasonable wage."

Mr. George Jerrom, the NGA officer, said that the talks were "making progress." The meeting this week would be "exploratory and discursive, rather than a negotiation."

Mr. Jerrom said that the U.S. company Atlantic Richfield, which owns the Observer, had set a deadline of June 18 for the talks to show progress, and July 1 for a working agreement to be reached.

35% miners' claim likely

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT is likely to face a pay demand of around 35 per cent from Britain's 260,000 miners early in the next weges round.

Motions seeking a £100-a-week minimum wage dominate the agenda published yesterday for the annual conference of the National Union of Mineworkers in Eastbourne next month.

The traditionally most militant sections of the union, including the Yorkshire, Scottish and South Wales ereas, are united over the figure, which would increase the minimum basic pey for a colliery surface worker by about £26.

Scottish and south Wales miners will also ask for support in a call for consultation with members on industrial action if the claim is resisted by the National Coal Board.

Opposition to the Government's economic policy will come from both the Scottish and south Wales miners, who have submitted two major motions on "deindustrialisation" and unemployment.

The conference will debate an outline for an alternative economic strategy incorporating calls for an immediate 35-hour week and restriction on export of capital with more public ownership and industrial democtacy.

The Welsh motion calls on the Labour Party and the TUC "to reassert their belief in full employment" and warns that a return to the days of "poverty stricken misery" will not be tolerated.

Derbyshire miners' leaders will meanwhile press for "outright rejection" of the Government's Employment Bill and will call on the TUC to refuse to recognise its provisions.

NUM leaders yesterday met Sir Derek Ezra, NCB chairman, to press for full concultation on pit closures in south Wales.

'No danger' of nuclear war by accident

By John Hunt, Parliamentary Correspondent

THERE IS not the slightest danger of a nuclear war being triggered off by a mistake in the U.S. and British early warning system, Mr. Francis Pym, the Defence Secretary, told the Commons yesterday.

He was commenting on the military alert in the U.S. last Friday when, for the second time in four days, a computer malfunction in the system wrongly indicated that Soviet missiles had been launched.

Mr. Pym was answering a private notice question from Mr. Tam Dalyell, (Lab., West Lothian) who wanted to know what representation the Government had made to the U.S. about the incident.

Strong concern was expressed by other Labour MPs, particularly Left-wingers who are opposed to the stationing of Cruise missiles in Britain.

The Defence Secretary said in both cases last week the error was detected very rapidly by exhaustive checking pro-

Francis Pym: grotesquepicture

cedures. The U.S. authorities were investigating, and the British Government was in close consultation with them.

Mr. Frank Allaun, (Lab., Salford East) suggested that the incidents meant that British cities could be wiped out if Cruise missiles were launched from UK territory by the U.S. command in error.

On the first occasion, he said, American bombers were launched up to the fail-safe line. An American mistake could lead to a Russian mistake, and "all of us going up in flames."

Mr. Pym replied: "No sir, that is a grotesque picture."

The alert system did nothing more than put the appropriate forces in a suitable condition, to respond if necessary. It implied no authority to do any-

Frank Allaun: fears of error

thing other than to take off from the ground. If there were similar mistakes on the Russian side, and he had no doubt there were, then none of na would know about it.

Mr. William Rodgers, Labour Defence spokesman, said these events had caused very strong concern among many peopla who were supporters of NATO and who accepted the inevitable need for nuclear weapons.

Mr. Pym told him that the compnters in the early warning system were inter-linked on both sides of the Atlantic. There was no one instrument responsible for the whole alert system.

Mr. Allaun later tried to get an emergency debate on the subject, bnt his request was rejected by the Speaker, Mr. George Thomas.

Left and Centre 'frozen'—Jenkins

BY PHILIP RAWSTORNE

A NEW liberal social democratic alliance in British politics would command the support of great and untapped reserves of political energy and commitment, Mr. Roy Jenkins, president of the EEC Commission and former Labour deputy leader sai dyesterday.

Repeating bis call for a realignment of the Left and Centre, Mr. Jenkins said that they were "frozen in an out-of-date mould," which was bad for the political and economic health of the country.

But, in a speech to the Parliamentary Press Gallery, the former Chancellor of the Exchequer stopped sbort of announcing bis readiness to launch a new Centre party.

"I expect nothing from British politics," he declared. "I am not searching restlessly and demanding for a role or a job."

Mr. Jenkins confirmed that he would not resign his EEC post before his term of office expired in January next year.

But he left no doubts about his ambitions to make a political come-back as leader of a new political group.

Mr. Jenkins said he had been encouraged by the response to the views he had expressed in the Dimbleby Lecture last autumn.

It had shown untapped and unlabelled electoral support and desire "for release from present political restraints and for involvement in the future."

Mr. Jenkins took np that theme yesterday with another scathing attack on the "loveless, constantly bickering and debilltating marriage" of the Labour Party.

Incompatible people were now locked in internecine warfare over incompatible philosophies, he said.

Nine days ago in a further major lurcb to the left, tbe party had adopted policies that would mean:

- A near neutralist and unilateralist position on defence that would make continned membership of NATO meaningless.
- Practical non-co-operation with the EEC leading in all likelihood to a firm proposal for complete witbdrawal. "What friends or influence would we maintain? What loneliness do we seek?" ha asked.
- A massive extensioo of the public sector despite mounting evidence that full-scale state ownership was more successful in producing tyranny than in producing goods.
- A far tighter straight-jacket on the enterprise of the private sector.

"This is not, by any stretch of the imagination, a social democratic programme." Mr. Jenkins declared.

"Nor do I believe that it is the way to protect Britain's security, help the peace of the world, revitalise our economy, or represent the views of the great majority of moderate left voters."

Labour's Wembley conference had conceded further great tracts of ground to the Left without securing even an armistice, let alone a lasting peace inside the party, he said.

"I therefore believe that the politics of the Left and Centre of this country are frozen in an out-of-date mould which is bad for the political and economic health of Britain and increasingly inhibiting for those who live within the mould."

Mr Jenkins said it was easy to dismiss the prospect of breaking such a mould.

Mr James Callaghan had said that any new party would lack tbe organised bases of the Labour and Tory Parties.

"It is a very conservative and very static view of politics," Mr. Jenkins commented. It discounted the manifold signs of growing alienation from the system and growing disarray over its economic results.

He did not doubt the strength of political inertia; the difficulty of doing anything new.

"The likelihood before the start of most adveotures is that of failure," he said. "The experimental plane may well finish up a few fields from the end of the ruoway. If that is so, the voluntary occupants will have only inflicted the bruises or worse npon themselves.

"But the reverse could occur and the experimental plsne soar in the sky. If that is so, it conid go further and more quickly than few now imsgine, for it would carry with it great and untapped reserves of political energy and commitment."

Mr. Jenkins said that a political break-through could be achieved without cbange first to a proportional representation voting system. "It is not a prior condition of a political realignment."

Roy Jenkins: ont-of-date mould

Mr. Jenkins referred to a book written about The Strange Death of Liberal England.

"Do not discount the possibility that in a few years' time someone may be able to write at least eqnally convincingly of the strange and rapid revival of liberal social democratic Britain," be said.

Ireland may suggest Hume as candidate for EEC Presidency

BY STEWART DALBY IN DUBLIN

IRELAND may put forward Mr. John Hume, the leader of the Social Democratic and Labour Party, the main Catholic moderate political group in Ulster as its candidate for the EEC Presidency. Such an appointment could seriously jeopardise the present Britisb initiative for political devolution in Ulster.

Whether by coincidence or design, Mr. Charles Haughey, tbe Irish Prime Minister, last night gave his first substantive interview to the British media.

He told the BBC Panorama programme that he felt any internal settlement was doomed to failure. He said: "The real root of the problem is the guarantee which the British Government extends to the Unionist section of the population of Northern Ireland."

Mr. Haughey is known to be very keen that the current "Atkins initiative" should come to nothing.

An Irish Government spokesman confirmed yesterday that Mr. Haughey discussed the EEC presidency, which becomes vacant at the end of the year, when he saw Mrs. Margaret Thatcher in London on May 21.

He did not however apparently mention any specific names.

Mr. Hume is an ardent pro-European and, as a European Parliament MP for the past year, has been dynamic and successful. He was one of the prime movers behind the new EEC grant for small farmers in Northern Ireland. Mr. Hume declined to say whether he has been approached about the job or whether he would accept if offered.

The speculation partly arises because other possible Irish candidates are unavailable.

Mr. George Colley, the deputy prime minister, and the man Mr. Haughey defeated for the Irish leadership lsst December, has publicly said he would not accept the job. Mr. Jack Lynch, the former Irish Prime Minister, has retired from politics and is known to be uninterested.

It is thought that Mr. Haughey cannot spare Mr. Michael O'Kennady, the Finance Minister, from his front bench. Mr. Garrett Fitzgerald, the former Foreign Minister, and currently the leader of Fine Gael, the main opposition party, thinks ha can win the next Irish general election, due no later than 1982, and thus has also disclaimed interest in the European job.

This could leave the way open for Mr. Haughey to approach Mr. Hume, to whom he is personally very close. Mr. Hume is technically a Briton. Like most people in Northern Ireland, however, be is entitled to an Irish passport and does hold one.

Although Mr. Hume's nationality would cause no problem, his appointment would cut across the British Government initiative for limited devolntion in Northern Ireland.

This initiative reaches a critical stage today when Mrs. Thatcher considers the recommendations for a Government White Paper oo devolution put to her by a special Cabinet committee. This is headed by Mr. William Whitelaw, the Home Secretary, and former Northern Ireland Secretary.

It is thouebt that Mr. Whitelaw has been active in amendine the plan favonred by Mr. Humphrev Atkins, the Northern Ireland Secretarv of State. He wants a form of majoritv rule with a non power-sharing executive, but with the interests of the 500,000 Roman Catholic minority protected by weighted majorities in assemhly.

Independent review body for chemists' pay

BY IVOR OWEN

DISPUTES OVER the gross remuneration of Britain's 9,500 retail pharmacists will in future be referred to an independent panel, Dr. Gerard Vaughan, the Health Minister, announced in the Commons last night.

The emergence of the new review body marks the successful culmination of a prolonged campaign by the chemists, during which they encountered determined resistance from both Labour and Conservative Ministers.

Dr. Vaughan, speaking during the report stage of the Health Services Bill, admitted that the dispute had gone on far too long and hoped that it would now be possible for all concerned to go forward in a spirit of constructive co-operation.

He told MPs that the terms of refarence of the new body were agreed yesterday morning and are subject to ratification by the full Pharmaceutical Services Negotiating Committtee when it meets tomorrow.

The Minister stressed: "We have agreed that the panel will be able to advise on any aspects of retail pharmacists' gross remuneration and that it should be available to help resolve any disputes at the invitation of either party."

The review body would be free to consider any matters concerning remuneration within the existing contract, but would not go into matters concerning medical products.

Its chairman and four members woul dembrace experience of the law, industrial relations, commerce and professional activities.

"It wipes the slate clean and it is with some pride that after five years of disquiet and uncertainty that we have reached this agreement."

Welcoming the appointment of the review body from the Opposition front bench, Mr. Roland Moyle said his own Ministerial experience at the Department of Health and Social Security had convinced bim that ad hoc arbitration was not the best method of aolving disputes over the remuneration of chemists.

He underlined the political pressure which had been exerted on the Government by pointing out that nearly 150 MPs of all parties bad signed a Parliamentary motion calling for the appointment of an independent review body.

Renewed Tory calls to cut MLR

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

RENEWED CALLS from Conservative MPs were made in the Commons yesterday for Minimum Lending Rate to be reduced from its present record level of 17 per cent.

Mr. Kenneth Lewis (C, Rutland and Stamford) warned of the damage being inflicted on small firms. He asked Mr. David Mitchell, the Industry Under-Secretary with responsibiilty for small firms, to impress on the Cabinet the need for a phased reduction of interest rates.

He urged that there should be a cut of two points now instead of waiting for a bigger reduction later.

Mr. Mitchell said he was certain the Chancellor was aware of this and would be taking it into account in calculatine how soon such a move could be made.

Mr. Kenneth Baker (C, St. Marylebone) said tha private sector was being inhibited by two factors — unrealistic wage settlements and very bigh interest rates.

On wages, the Government could exhort, bnt on interest rates it could act. Therefore, be wanted to know when there would be a steady and continuing reduction in rates.

Mr. Adam Butler, Minister of State for Industry, said that as tbe Prime Minister and Chancellor bad made clear, in order to get interest rates down, the pnblic sector borrowing requirement and public expenditure must be reduced. When money supply was clearly seen to be under control, then interest rates would fall.

In later exchanges, Mr. John Stokes (C. Halesowen and Stourbridge) said that some of his "rougher friends" in the West Midlands were asking why the Government could not set an example by cutting bureaucracy more quickly and by moderating wage awards instead of leaving British industry to do the Government'a dirty work."

Mr. Mitchell, assured him that the Government was doing its best to cut the eivil service and bureaucracy.

Duty savings of £5.2m

BY GARETH GRIFFITHS

WORK SAMPLES of Scotch whisky at distilleries have been cut back by 80 per cent in the last year due to tighter Customs and Excise regulations, the chairman of Customs and Excise Board, Sir Douglas Lovelock, said yesterday.

Sir Douglas told the House of Commons Public Accounts Committee that the changeover had led to a saving in duty worth £5.2m and involved 190,000 proof gallons.

Previously, distillers had been allowed one-tenth of a gallon per case for samples, and this had now been changed to a smaller amount for sampling for quality control and analysis.

He said the excess Scotch had previously been used for publicity purposes and perks to distillery workers. Some whisky had found its way back into the main home market.

The Customs and Excise Board have asked the Government to extend a private scheme for exchanging information on VAT returns between the Inland Revenue and itself. The scheme has been in operation in Leeds since December, 1978, and both Government Departments would like to see it operated nationally.

Instant legal advice for £5

MORE THAN eight out of ten solicitors are now willing to grant a fixed fee interview for only £5.

The Law Society Gazette says: "The purpose of the fixed fee interview is for the client to be advised whether his case is worth pursuing, whether legal aid is available or what the case would cost.

"Almost 85 per cent of the firms included in the Legal Aid Solicitors List 1980 have said that they are prepared to give the fixed-fee interview. This means that the solicitor will not charge more than £5 inclusive of VAT for an initial interview of up to half-an-hour."

Thatcher pledge to aid textiles

BY ELINOR GOODMAN, LOBBY STAFF

THE PRIME MINISTER yesterday gave the clearest commitment yet to re-negotiating the Multi Fibre Agreement when the present one runs out at the end of 1982.

At a meeting with representatives of the textile industry she promised that the Government was determined to do all it could to legitimately help the trouble-torn industry within the framework of existing international agreements.

The experience of the existing MFA would, she promised, be borne in minde when re-negotiating a new agreement.

In the meantime, she said, Ministers would do everything possible to ensure that tha EEC did not drag its feet when it came to dealing with sudden surges of cheap imports from countries not covered by existing agreements.

The Government has already indicate/ dits determination to re-negotiate a successor to the MFA, but representatives of the textile industry interpreted her commitment yesterday as the strongest yet.

But Mrs. Thatcher did not hold out any new promises of specific action in the short-term to deal with the imports which the industry claim are doing it crippling damage. Like ber Trade Secretary, Mr. John Nott, she said that the Government could not concede for demands for tariffs to be imposed on certain kinds of imported textiles.

Nevertheless, some members of the textile delegation left Downing Street with the impression that Mrs. Thatcher shared their indignstion about the way the spirit of some of the current agreements was being breached.

In particular, they felt she would put ber weight bebind trying to ensure that the EEC did not allow existing agreements to be breached.

Though Mrs. Thatcber insists her door is open to any industry which wants to see ber, delegations are usually diverted to tbe relevant Ministry, and it is relatively rare for bar to see one harself.

Yesterday, she spent 75 minutes with the textile lobby, which was msde np of representatives of the employers, nnions and MPs.

A domestic arrangement that averted a Greek tragedy

N. J. Michaelson describes the strategy behind a merger that was designed to save two ailing white goods makers from collapse

JOHN PIPEROGLOU threw up a career with a blue chip multinational because of frustration. Not at any lack of pay or promotion — he was remarkably successful—but because of what he calls the tendency of multinationals to see "avoidance of risk, rather than maximisation of profit, as their key criterion. With size, they become slow, ponderous dinosaurs."

Piperoglou was also frustrated with the weight of management education he was expected to shoulder at Esso (Exxon). "Finance, accounting, personnel, marketing—you name the subject, they had a course for it. I had to fight hard to get out of some of the courses they wanted me to attend."

These criticisms notwithstanding, the 48-year-old Piperoglou admits that his experience with Esso—in planning, sales, operations and general management, all in quick succession — was semioal in turning him into the highly professional manager he is today.

Piperoglou is currently masterminding what is an inherently risky operation: the transformation of a unique Greek company from a struggling, purely domestic concern into a profitable, export-minded enterprise capable of seizing the opportunities offered by Greece's entry into the European Community next year, and of fending off very considerable competitive threats.

Formation by merger

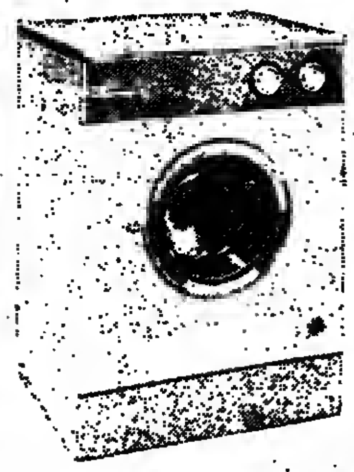
The uniqueness of the company, Elinda, lies not in its hitherto weak financial performance, nor in its traditionally limited market, nor indeed in the professionalisation of its management — this trend has been gathering pace in Greek industry during the past few years, and Piperoglou is one of many new "professionals."

Elinda's unusual status lies in its ownership. Until its formation by merger in 1977, Greek industrial companies had generally been controlled by one of four interest groups: families (the predominant pattern); banks; multinationals; and the Government. Elinda has set what could become a new pattern: the coming together of two hard-pressed family enterprises with additional equity financing from a major bank, with each partner holding a one-third stake.

The two family groups were Isola and Eskimo, respectively Nos. one and three in the Greek domestic appliance industry—refrigerators, washing machines, heaters, and the rest. Their marriage, and the injection of extra capital from the National Bank of Greece, was prompted by both long-term and immediate influences.

The long-term threat, obvious for some time, was that they were each too small to compete successfully against European and other international manufacturers. The immediate impetus was their poor financial position and the take-over in 1976 of the No. two company, Pitsos, by one of those very multinationals: Siemens of West Germany.

The new owners agreed to remove themselves from actual management of the company and to call in professional managers from outside; Piperoglou was appointed managing director six months after the merger, and began to build a new team.



Elinda, formed from Isola and Eskimo, makes white goods for the somewhat limited Greek market. But its export potential should be enhanced by the dismantling of tariffs that will follow Greece's entry into the EEC, though it faces formidable competition

Such has been the trend towards professionalisation in Greek industry that less than a third of the board members of its Federation are now owner-managers, compared with 100 per cent just 20 years ago. Piperoglou himself sits on the federation's management committee.

Vulnerable segment

The Elinda merger was only the first stage in the strategy for its recovery — even its survival. For, even in its new corporate form, tho company typifies the segment of Greek industry which is most vulnerable to the dismantling of tariffs that will follow EEC entry, even if non-tariff barriers continne to provide some protection.

Whereas much of Greece's industry should profit from entry — textiles and wine aro only the most obvious examples —about a fifth of the country's manufacturing is rendered vulnerable by a combination of poor economies of scale and high transport costs.

Domestic appliances fall firmly into this category. At between 130,000 and 180,000 units a year, depending nn the appliance, the Greek market is not big enough to sustain an efficient plant at current levels of technology. So substatnial export markets must be found.

But this means competing with the multinationals, and especially the Italians, whose efficient mass-manufacture gives them much keener prices, as does their much shorter distance from the Common Market consumer.

To the Greeks, this represents almost a vicious circle. Since their market is too small, they have to export to survive. But in order to export they need to be as officient as their competitors—in the case of appliances, this primarily means the Italians. Bnt this is only possible if they can secure the same economies of scale, which requires a much larger market.

John Piperoglon thinks the problem can be resolved "by a stepwise approach where you optimise production efficiency at any given level of output, use tho resulting cost benefit to expand your exports, and so on. Elinda now exports 15 per cent of its output, and we hope to reach 50 per cent in five years. We are the only appliance company in Greece with serious exports."

Piperoglou recalls that when he joined Elinda he was told that the main problem was excessive overheads. He quickly discovered, however, that Elinda's overheads "were probably the lowest in the world, but that it took us twice as many hours on the shopfloor to produce a refrigerator as it took the Italians . . . people stared in disbelief.

"Our approach is to determine the main problem in any situation and concentrate on resolving it. If you want to turn an outfit around yon need tho co-operation of overyone, from the shop floor up.

"To get it, you must have a simple, communicable platform which everybody can espouse. You cannot tell people "we have 12 problems and we have to work on all of them." Our slogan now is "we must get the ratio of people to appliances produced per day to less than ooe.

"Of course we have nther problems, and of course we work on them too, but the focus is on per capita productivity." Reinforcing this approach is the principle that if anyone reports a problem, he must also suggest how it could be resolved.

Ellnda has created a fairly simple organisation, devised along four fundamental lines—finance, production, marketing and technical services—each headed by a manager. These four and Piperoglou constitute the management committee.

In addition, Piperoglon personally supervises the personnel, public affairs and law departments.

It took about a year to build up this organisation. All the first and second echelon people have come from within. "I have not brought in any peoplo from ontside, except at management trainee level where we try to hire two to three peoplo a year. Bnt about a third of the original top echelon "left" in the process of building up the organisation.

The committee meets every Friday, starting in the late morning and remaining together with coffee and sandwiches until it has exhausted every subject. There is no ageoda. The first part brings in tho personnel manager and discusses people. The second part is devoted to "things": plant production, marketing, and so forth. "We consider people our number one concern, their quality, remuneration, well-being, education," says Piperorgiou. "Plant personnel officers are expected to circulate every day among employees from the shopfloor np. At the end of the day they report their impressions by telephone to the personnel manager. If something urgent comes up, he immediately contacts the committee by phone and we take action. Otherwise we discuss subjects on Friday. This way wo are constantly abreast of the employees' needs and problems."

What have been Elinda's achievements in the three years since its foundation?

"Let's first state what they have not been," answers Piperoglou. "We are not producing a profit yet. Elinda was a salvage operation of joining together two companies which were in a conditioo of collapse. So our first achievement was to create a single, effective organisation out of them. We have also increased our productivity by 25 per cent and turnover by 50 per cent (to 3bn drachmas: £30m) and we accomplished this with labour peace and rising employee morale."

Insum, "we identified our main problems and formulated a plan to become profitable hy 1982 — which is on schedule. I think that about sums it np."

This was in spite of an initial cutback of 500 in the labour force, to 1,350. With the more recent expansion, employment is now virtually back to the level of three years ago.

Elinda has also begun pursuing a policy of vertical integation, buying a chain of retail outlets and moving into plastics manufacturing.

JOHN PIPEROGLOU'S education, training and range of experience is fairly typical of the new breed of professional Greek managers. His first degree from the University of Athens, was in economics. On a U.S. Government scholarship he studied at the University of Wyoming from 1950-53, gaining a BA, again in economics.

He then returned to Greece and after finishing military service began work as assistant to the president of Doxiades Associates, headed by a well-known architect and town planner, the late Constantine Doxiades.

In 1959 he obtained a British Council scholarship to go to the London School of Economics, where he took a master's degree in economics. He returned to Doxiades Associates in 1961 to establish an economic research unit, and for the next five years toured the world working nn projects sponsored by organisations like the World Bank and the United Nations.

"That is where I learned about people and diplomacy," he muses. "I learnt about civil servants, professionals, businessmen, labourers, Europeans, Asians, Africans, North and South Americans."

His English he had learned at school, his French from a French grandmother; Spanish he picked up while working for a year in Spain in the 1960s, and he has a working knowledge of Italian.

Exhilarating though his Doxiades years were, they illustrated the disadvantages of "personal" empires. "It was a bubbling house of ideas and a lot of exciting people," says Piperoglou, "but cash flow management, personnel management and salary administration were just not part of the terminology."

In 1966, Esso hired him to head the corporate planning department of its newly established affiliate in Greece. He became, successively, sales manager, operations manager and general manager at two year intervals. "That is where I was trained in company management," he says.

He also learned tho value of in-house training. In terms of tailoring courses to the particular requirements of the company's employees. "If you send a petroleum engineer to learn about inventory control in a course where the example used is automobile manufacturing, he is liable to come back very confused," he says of external training courses.

Most of Greece's "professional managers" have had undergraduate and/or graduate education in an Anglo-American university or a Continental European institution inspired by Anglo-American concepts of business management. Although some Greek institutions aro good preparatory ground fur graduate business education, only study abroad prodnces the finished product.

Some of the graduates who return from abroad are from second or third generation founding families and go hack to manage the family business. Most of them, however, are sons of professional or civil servant families. Once returned to Greece they are mostly hired by multinationals, given initial staff assignments and developed rapidly to senior executive positions in their 30s and early 40s.

Thereafter they either stay on to become chief executives of a subsidiary, or leave to become presidents of Greek companies that are no longer controlled by families. some Greek companies are also beginning to act as breeding grounds for young management graduates.

Final rounds of management game

ONLY 16 of the 808 teams which entered the 1980 national management championship in January are now left with a chance of receiving a share of the £4,250 prize money from the hands of the Duke of Kent.

The 16 semi-finalists, of which four will go forward to the last round of the compnter-based contest in London on July 23 and 24, include 15 company teams. The other one is Seabird II, a private entry led by William Lewis.

Among the company sides are several who have previously made their names in the annual championship, which is sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales, in association with the CBI and the Institute of Directors.

Neil Tomkin still has the prospect of repeating his 1979 victory, at the head of a Rank Xerox team. Shell UK could well regain the championship which it last held in 1978. Others which have competed prominently in past years include IMI, and Peat Marwick Mitchell.

There are also teams from the accountants Josolyne Layton-Bennett, and Pannell Fitzpatrick, from Midland Bank International, Samuel Montagu, the Pantak subsidiary of EMI, Rank UK, RHM, RIC Capacitors, and Serck Audco Valves.

The remaining two companies in the championship semi-finals — Eastern Counties News and ICI Paints—are both distinguished by having further teams through to the semi-finals of the subsidiary "Plate" competition for those knocked out of the main contest in the first round.

Other companies with sides still hoping for a share of the Plate's £1,500 prize money are: Advance Linen, A. Arenson Holdings, Brooke Bond Liebig, Friends Provident, ICI Mond, RCA, and Touche Ross.

Michael Dixon

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Laser's role grows

USE OF the laser as a means of removing material from sbeet metal, not in isolation but as an additional tool in CNC machines otherwise using coo-ventional puncbiog, notching and nibbling tools, looks as if it will soon become accepted practice.

Latest machine maker to firmly offer the facility is C. Behrens AG of West Germany, via its subsidiary at Suite 6, Orchard House, Connaught Road, Brookwood, Woking, Surrey GU24 0AT (04867 3355).

In common with Trump and others, Behrens emphasises that the laser is not destined to replace turret punch presses—nnly to greatly add to their flexibility.

Progressive removal of metal with a tool, nibbling, really becomes redundant with a laser especially if subsequent milling is needed to obtain the required finish. Laseriog can take place in one bandling, with good finishes, at speeds up to six metres/min in 1 mm material and one metre/min with 6 mm metal. In fact, any shape can be cut without special tooling, using the appropriate programming.

But the laser will need to he used with thought. For example, it will be a benefit wheo nibbling on straigbt lines oot parallel to the axes since pre-adjustment of tooling, or special tooling, will be unecessary. But on straight lines that are parallel to the axes it might be that the hit rate of the press with a cutting/puncbing tool is faster than the laser. Similarly, there is no point in cutting a round hole with the laser.

Environmentally, there is the distinct advantage that the laser creates much less noise.

● HANDLING

Equipment guide

TWO DIRECTORIES — Unit Load Directory and the Distri-hution Services Directory, are now available at a cost of £5 each from PEL Communications, PO Box 33W, Wembley, Middx (01-908 2122).

Perusal of these publications will indicate that they could serve a very useful purpose for buyers and specifiers of this equipment and services says the publisher.

● PROCESSING

Fresh water from salt

REDUCTION OF operating costs and plant maintenance together with improved safety are the claims for a desalination process using direct current reversal techniques now offered by Ionics, 17 Old Bond Street, London W1X 3DA (01 491 8555).

Treatment of brackish water by means of electrodialysis-membrane processes is not new in itself but the current reversal technique used by Ionics is said to be a considerable imprnvement on the original.

In the original process water flows between alternatively placed cation and anion permeahle membranes, a DC current providing the motive force. Salts in brackish water flowing through a membrane stack are removed or concentrated in alternative water passages.

With electrdialysis reversal (EDR) technique the electrical polarity of the stack is reversed three nr fon rtimes an hour and at the same time motor operated valves reverse the product water, concentrate, and electrode streams. This reversal purges membrane and electrode aurfaces of scaling and fonling materials without the continuous application of acids or other chemicals. The need to store sucb reagents is thus removed.

Sbould more stubborn residues build up the Ionics system incorporates weekly to monthly chemical flushing activated from the front panel. Both during this and the current reversals, steps are taken to ensure that output water is not cootaminated.

The company markets these systems under the Aquamite brand name and can supply models with ontputs from a few tens up to 4000 cubic metres/day.

Welds plastic sheet

VERY LARGE, one-piece plastic sheets, used often for fabricating damp courses and in roof applications, are not only difficult to handle but can prove to be expensive.

Making the material more manoeuvrable for the operator is the object of a special-purpose rig which overlaps thick plastic foila and ruhber sbeet.

This equipment eliminates the need to use huge, one-piece sheets and can operate on rough or uneven terrain producing a 60 mm overlap weld by virtue of its accurate, adjustahle delivery of hot air to the working area, says Welwyn Tool Company, Stonehills House, Welwyn Garden City, Herts (Welwyn Garden 29121).

Called the X10, it ia rated at 3½ kW and is available for 220/240V or 110V operations. Temperature ia infinitely variable, from 20 to 650 degrees C. to suit all types of plastics and weather conditions.

Rig's double pressure rollers, rated at 50kg—one above and one helow the plastic—provide the welding force, and a built-in light facilitates visual inspection of the join as it ia made.

The weld can incorporate a channel along its length to enable aobsequent pressure testing. Repairs can he carried out by tape welding using a band-beld bot air blnwer.

Other applications for the equipment are in tunnels (where it can be modified for overhead use if necessary), and for lining rubbisb tips and dumps for chemical waste.

Sticks the product together

THERE ARE four new electrically powered, completely portable, hot melt applicators in a range of tools offered hy British Industrial Fastenings, BIF House, Gatehouse Road, Aylesbnry, Bucks (0296 81341).

Applications range from DIY model and toy making to use on product assembly lines, and the all-purpose adhesive can be used on a variety of materials including wood, card, fabric, leather, glass, metal, PVC and ceramics. Adhesive is supplied in pre-formed sticks that, unlike liquid glnes, contain no solvents, and can be loaded in seconds.

● MANAGEMENT

Guide to decisions

BACKED BY the National Researcb Development Council and supported by the Financial Times Business Information company, is a method of deriving informamtion very quickly and in a relatively simple manner from decision tree diagrams, without the need for recourse to a computer or to computer services, even when the situation under examination is complex.

"Testrolog" describes the method, which is the brain-child of Mr. Stavros Foundos, and it applies two "filters"—for want of a better word—to the masses of information displayed in any such tree so that any submerged pattern is clearly thrown up to the investigator.

The pattern or patterns so revealed indicate clearly the various steps taken to reach a given result. Thus Testrolog tables can he set up in such a way as to incorporate the desired results in a complicated tree and thus be used to determine what are the steps necessary to achieve a company's aims.

One great advantage of the method ppears to be is portability and it is possible to envisage a situation in which company planners, bereft of the computer terminals and facing the board, would nevertheless be able to show clearly what the future holds for various strategies being suggested by board members and that without having to go back for an extra computer run.

Some idea of how the method cn be used to speed up work nn large tables of alternatives—such as "best huy" situations in cameras, watcbes, washing machines, TV sets, etc—can be gained from the fact that for the average table established on the basis of such a selection, posing 20 questions to the matrix without the benefit of Testrologic would throw up 1m alternative possibilities.

Electronic equivalents of the method are under development but pending their availahility, there seems to be little doubt that management in general could benefit from existing manual methods of manipulating and analysing the decision tables used in practically every company. Testrologic would present few problems to the average trained programmer.

Further details from Financial Times Business Information at Bracken House, Cannon Street, London EC4. 01-248 8000.

● COMPONENTS

Motor controllers

ANOTHER COMPANY has moved into the area of electronic speed control systems from a hasic background of mechanical transmission and control—J. H. Fenner, of Marfleet, Hull HU9 5RA (0482 781234).

Called FennerAC, units are available for driving motora up to 11 kW and it is intended to expand the range to 25kW in the coming year. The design follows the established technique of converting the mains AC supply to DC which is then nsed for the production of a variable frequency AC to drive the motors, the speed of which is dependent nn supply freqnency. The devices are three phase.

The introduction is the result of tecbnical collaboration between the company and LoveAC Inc in the U.S.

Controller measurements are 584 x 343 x 165 mm and the weight is 20 kg.

Use of a microprocessor allows a good degree of custom engineering so that external control of speed from tachometer units, ratio control of two macbines (digitally or by analogue methods), pbase locked loop control and the ahility to accept four to 20 mA process control currents can all he implemented.

It is also possible to control up to ten motors in nnison from a central control point at a frequency stability of 0.01 per cent, or to incorporate a programmable controller to pre-set up to seven motor speeds for instant use.

● MATERIALS

Waterproof collars

SUPPLIERS OF flotation collars for North Sea pipelines for Britisb Petroleum, GEC Mechanical Handling of Erith, Kent, has selected the tough, flexibla elastomer coating, Irathane 155, to protect the vulnerahle closed-cell foam buoyancy units from damage and distortion says Irathane International, 67 Park Street, Camberley, Surrey (0276 26466).

Protection of these collars demands a waterproof coating product which is tough enough to resist repeated compressions without exploding loss nf shape, or sinking.

Dne to the Irathane product'a natural buoyancy, a weigbt penalty is not imposed, and the material was found to meet all requirements.

Applied by an airless spray, it furms a continuous, extremely tough, abrasion-proof coating which not only floats but is resistant to cold, heat, and salt/sand spray.

The company saya the material is accepted by Lloyds Register of Shipping for external underwater protection also of the hulls of yachts and otber small craft.

Insulates deep under the sea

ORDER FOR a major sbare of the special polyethylene needed to insulate TAT7—the new transatlantic submarine telecomunications cable—has been won by BXL Plastics, Buchanan Hnuse, 3 St. James's Square, London SW1 (01-839 7077).

Worth £4m, about 3,700 tonnes of the compound—BXL polyethylene DFDK 1071 Natural—will ha extruded over the cable's copper inner conductor.

Tbis is specially produced to be electrically clean (resulting in low signal losses) and, coupled with its mechanical properties and environmental atress crack resistance, is particularly suitable for this application.

Cable will be able tn carry 4,200 simultaneous telephone, computer data and telex messages between Europe and North America. It will run frnm Land's End in England to Tuckarton, New Jersey, U.S., and circuits will be provided for 20 nations. Total cost will be about £100m and completion is scheduled for 1983.

Compnund used for this job is one of the special low-density polyethylene types prodoced by the company fnr the wire and cable industry.

● SAFETY

Answer to marine problems

SPECIALLY DEVELOPED for the safe removal of both blue and white asbestos from marine vessels is a system based on large, high-performance electric or diesel-powered vacuum plants, built specifically for the job by Envirocor, Langton House, Bird Street, Lichfield, Staffs (Lichfield 52335).

Linked to a contaminated site via runs of lightweight 100-mm-diameter pipework, each machine is capable of pulling asbestoa from work areas up to 300 metres away.

Vacuumed asbestos waste is deposited within vacuum-tight skips where it is slurried with water for safe disposal at the nearest approved tip.

Work area itself is completely isolated, says the company. All exits to the atmosphere are sealed, and exit-entry air-locks constructed. Within this sealed area, trained strippers (operators in full protective clothing) work in a constant negative pressure provided by the vacuum process.

Upon completion of a shift or work period, all contaminated work clothing is left within the air-lock for sealing into air-tight bags. Strippers having changed into clean overalls then proceed to the company's special mobile decontamination units situated alongside.

Safety is claimed because the system is totally enclosed and self-contained — even vacunm filters automatically de-dust and recirculate filter dust back into the sealed skips along with the bulk waste. Thus, no asbestns fibres escape to the atmospbere and restricted access is, in most cases, confined only to the work area itself. Other work adjacent tn the site may continne uninterrupted.

Cleans in dangerous areas

DESIGNED initially for cleaning down decks of very large crude carriers a high-pressure air driven water pump is now being offered for use in any location where there is a high risk of explosion and an air compressor is available. It is being offered by Flexian Hydraulics, Mitchell Road, Churchfields, Salisbury, Wilts. SP2 7PZ (0722 24433).

The pump bas wear and corrosion-resistant stainless steel pnmping cbambers, bard wearing Nitrile synthetic rubber diaphragms, and will run dry without overheating or damage. It is self-priming and is able to deliver a wide range of ebemicals, disinfectants and detergents.

The standard unit is mounted on a two-wheel trolley and comes with 60 ft of high pressure single wire braided delivery hose, 10 ft of inlet hose with free flow filter, a dead-man's safety gun, pressure safety relief valve, two jets, twin conical mesh silencers, air line filter and mist lubricator, and air pressure regulator valve.

● ELECTRONICS

Low light camera

FOR CLOSED circuit television systems, Cotron Electronics of Eagle Street, Coventry CV1 4GJ (0203 21247) can offer a development of its low light camera which allows video recording of high speed activity with a very low frame exposure time, resulting in particularly sharp stop-motion single frame playback from a recorder.

In fact, the effective tube target exposure time is only 10 microseconds instead of the normal 20 milliseconds field scan time nf a 625 line system so that the normal blurring nf fast action nn the screen is largely removed.

The camera uses a silicon intensified tube and it is so arranged that the charge pattern corresponding to the scene on the tube target is established extremely quickly by pulsing the intensifier voltage (the pulsa duration is equivalent to the shutter speed of an ordinary camera). After it is sharply established, it is scanned by the electron beam in the normal way.

Cotron helieves that the new camera offers a convenient and cost effective alternative to the high speed cine camera in some applications. It can provide good pictures with minimum exposure times and without the need for electronic flash.

A secondary advantage is that each picture has low noise content due to the short exposure time.

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Mexican Tourism

By standards of world tourism, Mexico attracts only a small proportion of foreign visitors. But plans are being made to develop the nation's potentially huge tourism industry which could be attracting 8.5m visitors a year by 1985.

Immense potential largely untapped

By William Chislett

MEXICO'S FLEDGLING tourist industry has everything going for it. The country is blessed with sun for most of the year. It is endowed with a rich and varied bistory and it also enjoys political stability and comparatively cheap prices. The tourism potential is huge and it is largely untapped.

More tourists visit the tiny islands of Hawaii each year than visit Mexico—and Mexico is a gigantic country in comparison with a great deal more to offer. According to the World Tourism Organisation, Mexico receives a mere 1.4 per cent of world tourism a year, and Hawaii 1.45 per cent.

Bnt only recently, with the discovery of Mexico's tremendous oil wealth, bas the Government been able to seriously study the country's tourism potential. The oil for export, produced by the State monopoly, Pemex, is swelling tbe State's coffers and providing funds for many sectors of the economy—among them tourism.

Nevertheless, even at its present level of activity, the tourism industry is booming and is one of Mexico's major foreign exchange earners after the oil. This year, the revenue from tourism is expected to amount to about $1.6bn, twenty per cent more tban 1979.

Expenditure abroad by Mexicans on holiday is put at $800m. The surplus will be about 11 per cent more than 1979. For comparison, the 1980 Pemex oil revenue from exports is forecast at a maximum of $11bn.

The tourism revenue is based on 4.6m people visiting Mexico this year—a 9.5 per cent increase over 1979. About 85 per cent come from the U.S. and the rest from Europe and the Far East.

Mexico's main catchment area is obviously the U.S., but even though they are neighbouring countries, Mexico still only receives around 12 per cent of U.S. citizens who spend their holidays abroad. A trifling 0.1 per cent of West European bolidav-makers visit Mexico a year.

Linked with the low number of visitors who come to Mexico are the high number of Mexicans who spend their holidays abroad. This year, some 3m Mexicans are expected to visit foreign countries. Mexico will provide almost 14 per ceot of incoming U.S. tourism. This outflow of Mexicans is, of course, a drain on the country's economy.

The Government's aim, therefore, is to attract far more foreign visitors and to encourage Mexicans to explore their own country.

The goals of the recently-announced National Tonrism Plan are: to attract 8.5m visitors by 1985 (compared witb 4.1m in 1979); and to build 172,000 new hotel rooms to reach a total of 420,000 and to create 1.2m new jobs in the tourism industry which would bring the total to 2.2m.

Tourism revenue is estimated at $3.5bn in 1985. If these goals are reached, then the tourism sector will contribute 6.9 per cent of GDP as against the present 5 per cent.

In a country with social problems the magnitude of Mexico's, the highly labour-intensive tourism sector assumes great importance. No other sector of the economy has such a multiplying effect. For every new hotel room built, a new permanent job is created and services are needed to back up each botel.

With unemployment and under-employment estimated at over 40 per cent of the workforce, an expanding tourism industry is a key employment weapon. The oil industry, on the other hand needs far fewer jobs to keep itself in busioess.

The mid-16th century church of San Augustin Acolman on the northern outskirts of Mexico City

Mexico's "Black Gold" is fulfilling a dual role. Not only does the mounting oil revenue give the Government funds—and thereby remove the country's traditional constraint on growth—but also domestic fuel prices are kept low to further encourage growth.

While it is costly for the Government to subsidise petrol prices domestically—to the tuoe of 100bn pesos ($4.4bn) a year, the existence of cheap petrol is an added stimulus for people to visit Mexico.

You can fill the tank of a Volkswagen (the most popular car in Mexico) full of ordinary grade (Nova) petrol for less than 100 pesos (£2) and the top-quality petrol, (Extra), is only 37p—and its price bas not risen since 1976.

According to the Financial Tioes latest survey of living costs for businessmen around the world, you can travel five kms in a taxi in Mexico for 0.83p, compared with £2.50 in a London taxi.

Bed-and-breakfast in Mexico City, according to the same survey, is £27.10 as against £65.50 in London.

The 45 per oent devaluation of the peso in August, 1976. has maintained Mexico's competitiveness. However, with inflation running at over 20 per cent and the failure of the Government to keep it rougbly in line with that of its main trading partoer, the U.S., the peso could come under increasing pressure.

Mexico is one of those countries where you should bire a car if you want to "feel and smell" the country. Tbe cheap petrol makes this possible.

The country is a mosaic of contrasts—from the Xlat landscape of the Yucatan Peninsular in the south, with its magnificently preserved pre-Colombian ruins to, in the north-west, the mountainous cacti-dotted Peninsular of Baja California and in the central part colonial Mexico.

Most people are not aware that Mexico is a land of contrasts since their main knowledge or acquaintance with the country comes from places such as Acapulco, the Pacific coast resort and "watering hole" for the rich and famous, which is as about as representative of Mexico as Blackpool is of England and Benidorm is of Spain.

It is an essential part of the Government's tourism policy that large new areas of the country be opened up to visitors. Baja California Sur, the Yucatan and Ixtapa-Zihuatanejo, further up the Pacific coast from Acapulco, are the main new focal points.

This policy is part and parcel of the overall decentralisation plan for the Mexican economy. Tourism officials admit, however, that there are dangers inherent in opening up new areas if it is not carried out carefully and alowly. Many parts of impoverished, rural Mexico are in dire need of transformation, but it should be done with particular attentien to the needs of the local population and not just the luxuries whicb visitors expect, otherwise the country's social problems will ba compounded.

A smart lick of wbitewash along the walls of the main street, the construction of swisb botels and leaving the local population in their sbacks will not make for social harmony.

Acapulco, for example, is now regarded as a bad example for the tourist industry—sumptuous villas and luxury hotels are surrounded by a "belt of misery" and this has created resentment among the local population and beightened social tensions.

Tourism is a well-known catalyst for unrest, the massive exodus from Cuba, for example, was to aome extent the result of opening the doors of that country to foreign visitors and creating a glaring dual economy.

As Mexico moves into higb gear in the construction of stronger and more broadly based tourism industry, so the role of private Mexican banks and foreign hotels is Increasing.

Demand for hotel rooms is now abead of supply. In order to promote the quick construction of new rooms, the Government's National Tourism Development Fund, known by its Spanisb acronym as Fonatur, is providing up to 90 per cent of tbe resources for private bank credits to botel developers at extremely favourable rates. Mexican banks are becoming major participants in the tourism industry's growth.

The private bank, wbicb in Mexico have a cosy relationship with the Government, are making easy profits from tourism. They can borrow from Fonatur at interest rates tbat are 2 percentage points below the rate they then cbarge the subsidiary of a foreign hotel seeking a loan.

As hotel owners, a bank can enjoy sucb fiscal incentives as 12 per cent tax credits.

Banamex, the number two private bank, bas $35m invested in 20 differeot hotels. With Western International, it has a joint venture—owning the majority of stock of Hoteles Camino Real—and with Quality Inns, Banamex has a management role.

Multibanco Comermex recently formed a joint venture with Hilton International to operate 12 new hotels over the next five years.

Mexico's major holding companies, such as the Monterrey-based Grupo Alfa have also been quick to spot tbe easy money to be made from tourism. Alfa bought the last Hadas Hotel in Manzanillo and is developing the entire resort.

Banks are now actively seeking out foreign botel chains and tben tapping Fonatur for some of its $175m-worth of credit available tbis year.

At the same time, Mexico's two airline companies, the privately-owned Mexicana and the state's Aeromexico, are rapidly expanding. During the past five years, air traffic has doubled. Last year, 10m travellers used the Mexico City Airport, aod a new airport for the congested capital is planned.

ON OTHER PAGES

Capital city becomes an urban nightmare

FLYING INTO Mexico City (pop. 14m) is an unnerving experience for the first-time visitor and an inauspicious welcome to a beautiful country. But it does offer the best bird's eye view of the tremendous problems of this urban monster which by the year 2000 will be the world's largest city with a population of around 30m.

The approach to the capital is heralded by the magnificent snowcapped volcanoes, Popocatapetl and Ixtaccihuatl, the latter known because of its shape as "the sleeping woman." Then, in an almost perfectly shaped bowl surrounded by other mountains, the city sprawls as far as the eye can see.

On the few clear days the view of so many cars and dwellings, ranging from shacks in the folds of the mountains to prominent high-rise buildings like the Latin Americano tower can be awe-inspiring. But most days the jets fly straight into a brownish, hazy cloud of smog which hangs ominously over the city and severely restricts vision.

Once on the ground the visitor will quickly appreciate how high up is the city (7,500 feet) and also how great is the degree of pollution. After a few hours in the city you will probably be gasping a little for breath and the mountains you passed flying in cannot be fully seen except on a few odd days.

One such was a day in January, a day which residents of the city still remember. Rain in the city and snow outside in the Valley of Mexico caused the smog to lift. Overnight the air became crystal clear, ridding itself of the poisonous fumes. The snow-peaked mountains and the volcanoes suddenly loomed into focus on the horizon and became the favourite talking point of the day. The Mexican Press carried front page photographs the next day recording the event.

It was as if we had all been walking around in the dark for months and suddenly the darkness lifted to reveal a breathtaking panorama. However three days later with the return of the smog the mountains disappeared from view and it was back to the common fare of itchy eyes, sore throats and thumping headaches.

Visitors who were lucky to spend that weekend in Mexico City may well have wondered why the city's residents make so much fuss about living in the capital. Those few who stayed more than a week—a minority, for most only pass through Mexico City on the way to more beautiful and representative parts of the country—were probably able to appreciate some of the moans.

It is only in the past 40 years, during which time the capital's population has increased sevenfold, that Mexico City has become an urban nightmare.

When Cortes arrived in Mexico in 1519 he was to behold one of the great imperial cities of the world. It remained, with the Spaniards superimposing their colonial buildings on the Indian civilisation, a pleasant place in which to live until quite recently. Just how beautiful Tenochitlan, the Aztec capital, built on a series of islands in the middle of a lake, must have been was ganged on that memorable clear day.

Water supply

The Aztecs lived within sight of the volcanoes and Lake Textoco supplied endless fresh water. The volcanoes are now hidden by the smog and the lake has dried up, making water supply difficult. Most of it has to be pumped over the mountains from reservoirs.

It made sense for the Spaniards to keep the capital where it was, for the surrounding mountains offered natural protection. Today these same mountains prevent the escape of a great deal of the smog caused by the exhaust fumes from 2m vehicles, the outgoings of over half the country's industries concentrated in the metropolitan area, and probably worst of all the refinery of Pemex, the State oil monopoly.

The smog, according to experts, is of the photochemical variety, for with the altitude, the reduced oxygen and the still atmospheric conditions, more ultra violet rays reach the polluted air than would happen at sea level. This makes the capital, unless you are rich enough to live up in the hills, an unhealthy place.

Unchecked growth has turned Mexico City into the country's political, financial, industrial, commercial, educational, cultural and with the shrine of the Virgin of Guadalupe (the patron saint of Mexico), religious capital.

The city's population is increasing by 5.6 per cent a year (compare London's, which is actually falling)—3 per cent from the birth rate and 2.6 per cent from massive migration to the capital from the impoverished countryside. The number of cars rises by a frightening 12 per cent a year. One-fifth of the country's population lives in Mexico City. "We never thought we would reach such a monstrously high population," Mexico City's mayor, Sr. Carlos Hank Gonzalez, admits.

It has been reached because fiscal incentives encouraged industry to move to the capital and because little has been done to improve the miserable lot of the great mass of rural poor. The Mexican Government is so centralised and the bureaucracy so unwieldy that many companies felt that they had to be based in the capital.

Along with industry came millions of unemployed from the countryside looking for a job. The poor, faced with little cheap housing provided by the Government, invaded land in outlying districts and created areas like Nezahualcoyotl, known locally as "the sleeping giant." Nezahualcoyotl did not exist in 1960. Today it is a "lost city" of some 2m people, many housed in makeshift shacks. It is a frightening testimony to unplanned industrialisation.

Having ignored the problems for so many years, the Government is now turning its attention to how it can best defuse an explosive situation.

Many believe that it is already too late really to rectify the city's problems and that whatever is done the population will be—according to the World Bank—over 30m by the year 2000. Fortunately the Government has not given up hope and is making an effort to plan on a long-term basis in order, says Sr. Hank Gonzalez, with a grin, "to avoid being caught with our pants down again."

As befits such a vast city, the capital's master plan, announced last year, is immense. It is divided into many areas—the metro underground, railway system, water supply, road construction, ecology rubbish collection, security, schools and housing.

Growth rate

The key to curtailing the city's high growth rate is decentralisation. This is the focal point of the Ministry of Industry's national development plan, which has named four port development areas, two on the Pacific coast, Lazaro Cardenas and Salina Cruz, and two on the Gulf coast, Tampico and Coatzacoalcos. Fiscal incentives are also given in varying degrees to 119 municipal areas. Mexico City no longer enjoys tax benefits.

A serious family planning programme is also underway for no longer is the belief held that "to govern is to populate."

The traffic chaos can only be smoothed by creating an adequate public transport system. Understandably the car is still a status symbol in Mexico. With petrol at the equivalent of 37p a gallon there is little incentive to use buses or the metro.

Mexico, given its immense oil reserves and the Government policy of heavily subsidising domestic petrol prices, is one of the few countries in the world where modest families still manage to run large cars. The average occupancy rate of cars in Mexico City is a mere 1.3 people.

This cannot last for ever, however, and unfortunately a good example is not yet being set by legions of civil servants, who are chauffeur-driven to work in expensive and unnecessarily large cars.

At the same time public transport is so inadequate and crowded that people's reluctance to use it is understandable. The metro is clean, fast and cheap, but it is a rough ride as it is so crowded. The buses are piercingly noisy and often impossible to get on unless you force your way in. Realising that one day the city's traffic may well grind to a halt, work on expanding the metro and increasing the number of buses is being carried out.

A start was also made last year on improving the traffic flow by completing on time the first 15 of a planned 34 cross-city "*ejes viales*" — one-way boulevards with often a trolley bus going in the reverse direction down one side. They are effective, but their construction has meant the loss of some green spaces and a lot of inconvenience for people whose homes lie in their path.

The number of trolley buses will increase from the present 685 to 2,000 by 1982 and they should relieve the traffic burden. So too will the extension of the metro. Between now and the year 2010 15 new lines are planned to cover 437 km. The aim is that by then one-third of the city's traffic load will use the metro compared to the present 11 per cent. One kilometre of new metro track is being laid a month at the moment; something of a world record.

In order to alleviate the poisoned atmosphere a supposed crackdown is being started on pollution offenders, but is unlikely to have any substantial effect. The Government knows that it is politically unacceptable to expect a poor Mexican family, which has struggled to buy a battered old car, to keep it in good condition.

A great deal more can be done, however, to ensure that industrialists instal anti-pollution equipment in their factories. The law is in fact stringent on this, but as in so many other things in Mexico there is an enormous difference between theory and practice.

In the matter of green spaces the Government is trying to compensate for the lack of them by planting millions of trees in and around the capital. A "green belt" of 120m trees is targeted for 1982; so far over 15m have been planted.

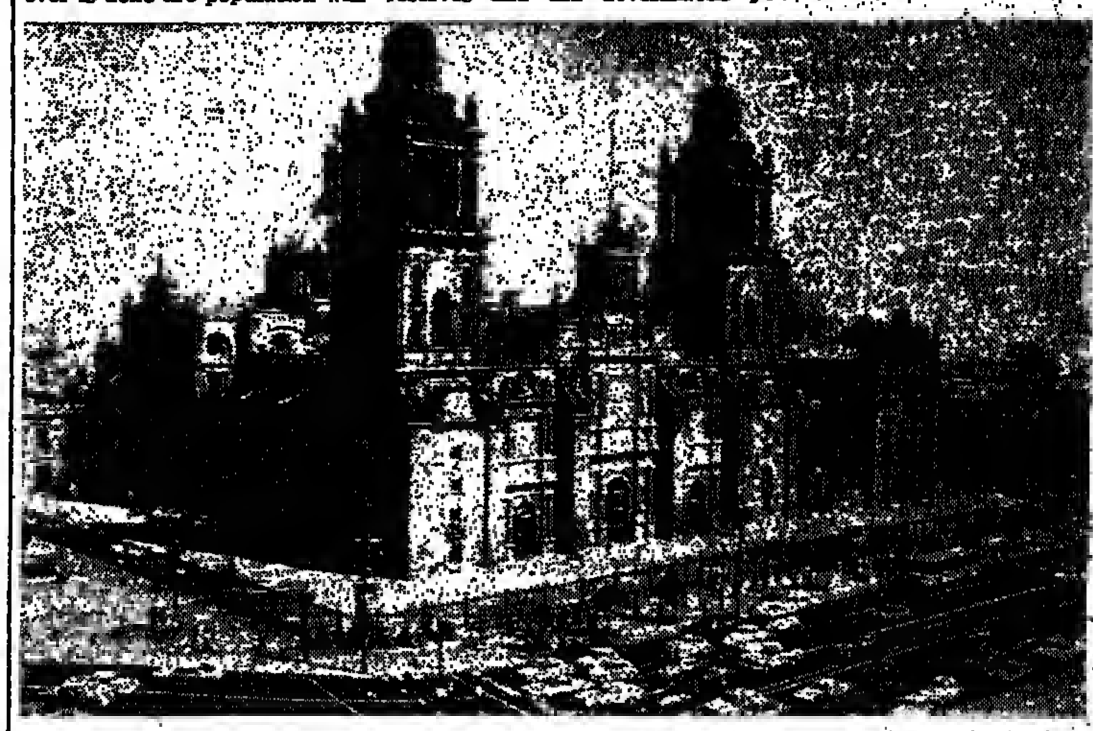
Highlights

Most visitors sensibly spend most of their holidays in Mexico outside the capital. There are, however, several places in Mexico City which are worth visiting. They include the fabulous anthropological museum in Chapultepec park; the National Ballet Company at the Bellas Artes theatre; places of curiosity like Trotsky's house, where he was assassinated in exile and is buried; the murals of Diego Rivero in the National Palace and the old colonial area of Coyoacan.

Business too is beginning to weigh up the advantages of staying in Mexico City or coming to it in order to hold conventions. In 1975 there were 216 conventions in the capital involving a total of 101,9[illegible] people. Only three years later this figure had dropped to [illegible] conventions and 55,764 people, for far more conventions are being held in less crowded places like Guadalajara and Acapulco.

In January, Banamex, a leading private bank, took the unprecedented step of announcing that it would gradually move all its 4,000 staff over the next few years out of the capital to the peace and quiet of Queretaro. Those who do not want to move will have to leave the bank. Most are happy to make the move.

William Chislett



Mexico City Cathedral, the largest and oldest church in Latin America

How tourism is administered

A 1910 GUIDE BOOK listing Mexico's major tourist facilities said there were then 53 hotels, six guest houses and 19 quality restaurants in Mexico City. There were no five-star ratings.

Today, tourism in Mexico is a multi-billion dollar industry involving Government agencies, State companies and private business groups.

The Tourism Ministry is responsible for the overall regulation of the industry. It sets prices for hotels and restaurants, regularly inspects Mexico's hotels, trains workers in all sectors of the industry and oversees tourist promotion within Mexico.

Before any hotel opens, it must be licensed by the Ministry, which fixes prices based on services offered. The Ministry spot checks all hotels and ensures that the promised level of service is maintained.

In April, the ministry started training programmes throughout the country. Nine thousand hotel and restaurant workers are scheduled to receive instruction this year, and 12,000 next year. For management, the ministry hopes to bring instructors from Switzerland's Lausanne School of Hotel Management.

In local promotion, the tourism ministry operates 29 State offices throughout the country. The national Tourism Council, however, is the Government agency responsible for promoting Mexican tourism in foreign markets.

Since it was formed in 1961, the council has been run by the millionaire, Sr. Miguel Aleman, who was Mexico's president from 1946-52.

The council, which has the sole responsibility of foreign promotion, operates 29 foreign offices, 14 in the U.S., three in Canada, nine in Europe and one each in Argentina, Japan and Australia. Each office is responsible for promotion in its respective market.

Promotions

The tourism council has three U.S. public relations companies and an advertising agency working for it. When snow begins falling in the U.S., billboards listing Acapulco temperatures are posted.

The council works closely with private companies. Airlines are given free promotional spot announcements on television and the council also sponsors travel fairs in Mexico and abroad.

Sr. Aleman, himself an Acapulco property-owner, has won praise from Mexico's business establishment for building up the tourism industry.

The third Government agency involved in tourism is the National Tourism Development Fund (Fonatur), which finances about half of all hotel construction in the country.

Low-interest loans — up to several points below rates offered by private banks — are available for a variety of tourism projects, including joint ventures between Mexican and foreign firms. Last year Fonatur granted credit for 3.4bn pesos ($150m).

The fund also is responsible for targeting new tourism development sites. Its first major project was Cancun on the Caribbean coast, built on what had been a virtually uninhabited white-sand spit on the Yucatan Peninsula. Fonatur's latest project is building Cancun-type resorts in two Baja California fishing villages.

When Fonatur selects an area for a new tourism centre, one of the first hotels to be built is usually one operated by the State-owned Nacional Hotelera Company.

Nacional Hotelera, the largest hotel management company in Mexico, owns three hotels, rents another three and operates 14 on contracts with Government agencies and private owners. Almost all the hotels are large, luxury complexes.

Nacional Hotelera is one of Mexico's most profitable State ventures. Pre-tax profits for 1979 were 410m pesos ($18m), an increase of 72 per cent over 1978. Profits are expected to increase by 36 per cent this year.

Other State companies active in tourism include the Somex Bank, which operates a pesos 1.3bn ($57m) Tourism Loan Fund, and Aeromexico Airlines, which spent about 46m pesos ($2m) on foreign promotion last year.

In the private sector, Mexicana Airlines spent 144m pesos ($6.3m) on promotion in 1979, much of it on advertising in the 11 U.S. cities Mexicana serves.

Private hotel companies generally manage their own promotion. Those in joint ventures with U.S. hotel chains usually promote their Mexican facilities through American partners' outlets in the U.S.

The private sector also has been active in expanding tourism by organising conventions throughout the country. Mexico City, Acapulco, Monterrey and Guadalajara have privately-funded bureaus, which organised about 1,500 conventions last year.

Mark Fazlollah

New developments on Pacific coast

THERE ARE not many places in the world where you can sit on a vast expanse of deserted beach and suddenly see a whale rise out of the sunlit ocean to blow.

Cabo San Lucas, at the tip of Baja California, the long narrow peninsula which runs south from the U.S. border between the Pacific and the Gulf of California, is one such place. Unfortunately the few of us on the beach at the time were so astonished—wondering whether it might have been a mirage—that the whale had disappeared by the time we had found our cameras. The bay is inaccessible except by helicopter, boat or donkey over the mountains. Cabo San Lucas, however is linked to the U.S. and Mexico by jet.

The terrain of Baja California—which is divided into two States, Baja California Norte and Baja California Sur—is mostly desert covered in cactus, the perch of vultures and ravens. A jagged mountain range forms the backbone of the peninsula.

Baja California Norte, by virtue of its proximity to the U.S., is a great deal more developed than Baja California Sur. There are many in-bond plants which use U.S. raw materials and Mexican labour, and the Morelos dam has turned the Mexicali valley into a productive agricultural area.

Tijuana is for millions of U.S. citizens the gateway to a continent totally alien from North America. On Sundays in particular tens of thousands of them drive across the border, some just to fill up their cars with the far cheaper Mexican petrol, others to spend an afternoon at the bullring.

Unexploited

Baja California Sur, however, is largely unexploited and is one of the least populated areas in Mexico. As a result, it has been chosen by the Government as one of the main tourist areas of the future.

La Paz, its capital, has a population of 100,000 in an area of 22,000 square kms; by comparison, El Salvador, the small Central American republic, has over 4m people in an area only slightly larger.

Phosphorous and copper mining, cotton and salt production are the main industrial activities of this State, whose total population is about 200,000. Pemex, the State oil monopoly, is also exploring for oil and natural gas, but has not yet announced the results of its investigations.

The salt-prodncing complex at Guerfero Negro, witb an annual production of 5m tonnes, is one of the largest in the world. The salt is extracted from sea water in the bay known as Ojo de Liebre.

Southern Baja Californians feel even more cut off from the rest of Mexico than their fellow Mexicans at the other end of tbe country in the Yucatan. Baja California Sur did not become a State until 1974. Before that it was a forgotten "territory" with a governor nominated by the federal Government in Mexico City as opposed to one elected locally. Invariably the governor was a military man who was little interested in his domain.

The Lopez Portillo administration has carried on the work started by the previous administration and is channelling more resources to the new State and giving it fiscal incentives. La Paz is a free port and tbe 10 per cent VAT, introduced on January 1, is charged at the rate of 6 per cent in Baja California.

Cabo San Lucas has nine hotels and development thcre, wbich has been mainly in the hands of the private sector, is being halted for the time beiog in favour of San Jose del Cabo, 20 miles away.

Fonatur, the Government's financial agency for tourist developments, is planning, with an initial investment of 1.2bn pesos ($53m), the coostruction of a tourist complex. It will include 3,000 rooms and a golf course. In contrast to many other areas, there is no water problem in this part of the peninsula.

Tbc development at Cabo San Lucas has heen of an exclusive nature and the same will he the casc at San Jose del Cabo. Prices are cbeap by international standards but high by Mexican, for therc is no intention of creating resorts io Baja California Sur haviog the more popular appeal of parts of Cancun, on the Caribbean coast, and Acapulco.

No building will bc more than two storeys higb and only the main streets will be paved. The idea, explained a tourism delegate for thc area, is "to preserve thc out-of-the-way and desert atmosphere of this part of the coast."

Luxury hotels

Twenty years ago Cabo San Lucas had three luxury hotels and was a favourite holiday hiding spot for, among other celebrities. John Wayne aod Henry Kissinger. "They came to get away from everything and not be bothered," said the delegate. At Cabo San Lucas botel rooms have by intent no telephone or television.

While Fonatur is planning the development of Cabo San Jose, Mexico's largest holding company, Grupo Alfa, bas for the last four years been turning another part of the Pacific coast into an exclusive resort.

Alfa, wbose motto can be said to be expansion and diversification, moved in 1975 out of its traditiooal area of steel and packaging and bought Hotel Las Hadas and 1,235 acres of coastal land near Manzanillo in the State of Colima for an uodisclosed pricc. Alfa, tbrough ooe of its subsidiaries, Casolar, is believed to have speot 5bn pesos ($221m) oo its initial outlay.

Prime site

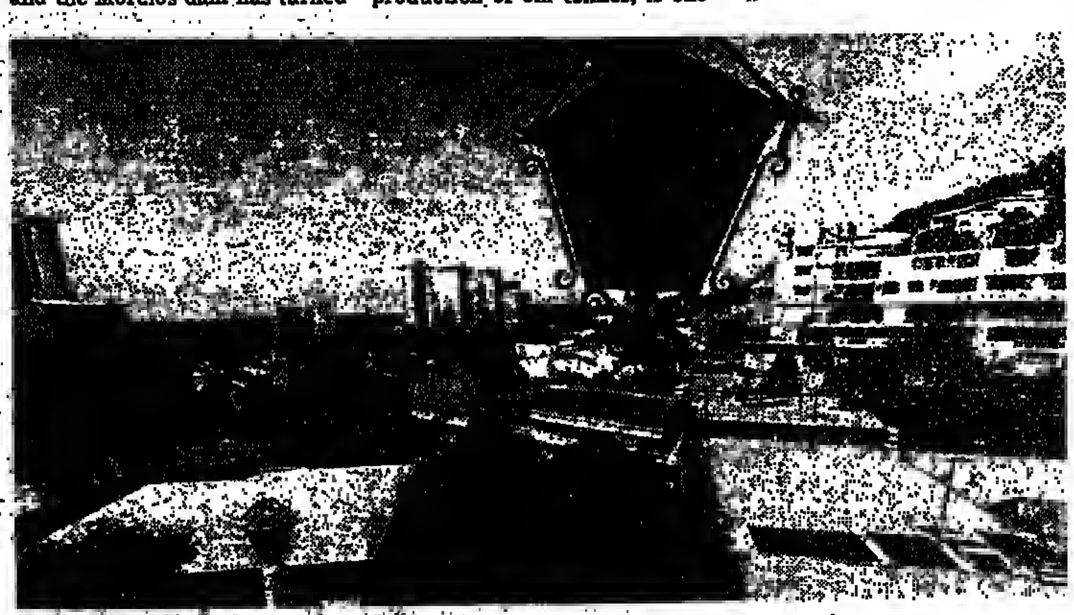
The hotel belonged to a Boliviao tin magnate who used it to accommodate his friends and was not very coocerned about makiog a profit. Alfa, after studyiog various sectors of tbe economy, decided to move quickly into tourism and with cqual speed found a prime site near the international airport at Manzanillo.

The hotel managemeot was replaced with Alfa's own people, many of them trained in the U.S., and tbe occupancy rate shot up. The land surrouodiog the botel's own 15 acres is being planoed for several projects.

Amoog them are the Las Hadas village of Burgos, whose stark wbite roofs, domes and towers are separated by terraces covered with ochre tiles in order to avoid the sun's strong reflections. There is also a marina, a golf course and land for sale to build villas. Flats aod villas can aso be bought on a time-sharing basis. A plot of land and a villa built to design costs anything up to $500,000.

W.C.

The Temple of the Jaguar at Chichen-Itza



Hotels in Acapulco, the resort on the Pacific coast

Priceless treasures from the past

MEXICANS are justifiably proud of their culture and nowbere is it more prondly displayed than in the magnificent Museum of Anthropology In Mexico City. Gathered together in a beautifully lit buildiug are priceless pre-Spanish conquest pieces.

Tbe museum, one of the finest in the world, is o testimony not only to the richness of the Mayan, Aztec and other cultures bnt also to the care and money wbich the Mexican Government lavisbes on preserving its past. Sodly, the same attention is not always given to today's indigenous population.

Set in the Chapultepec Pork, to the side of the noisy Paseo de la Reforma—the capital's main artery—the museum displays, in a refresbingly logicat fashion, the civilisations before the arrival of tbe Spanish conquerors at the heginning of the sixteenth century.

Visitors should keep to the recommended route of the museum—and not to go on a Monday, as the museum is closed—and, if yon have the time, not to attempt to see everything in one go. There is so much to see.

Strange names

If you first visit, as indicated, the hall wbich gives you a general idea of the meaning and scope of anthropology and then visit the various rooms you should emerge at tho end with a fairty clear idea of Mexico's past.

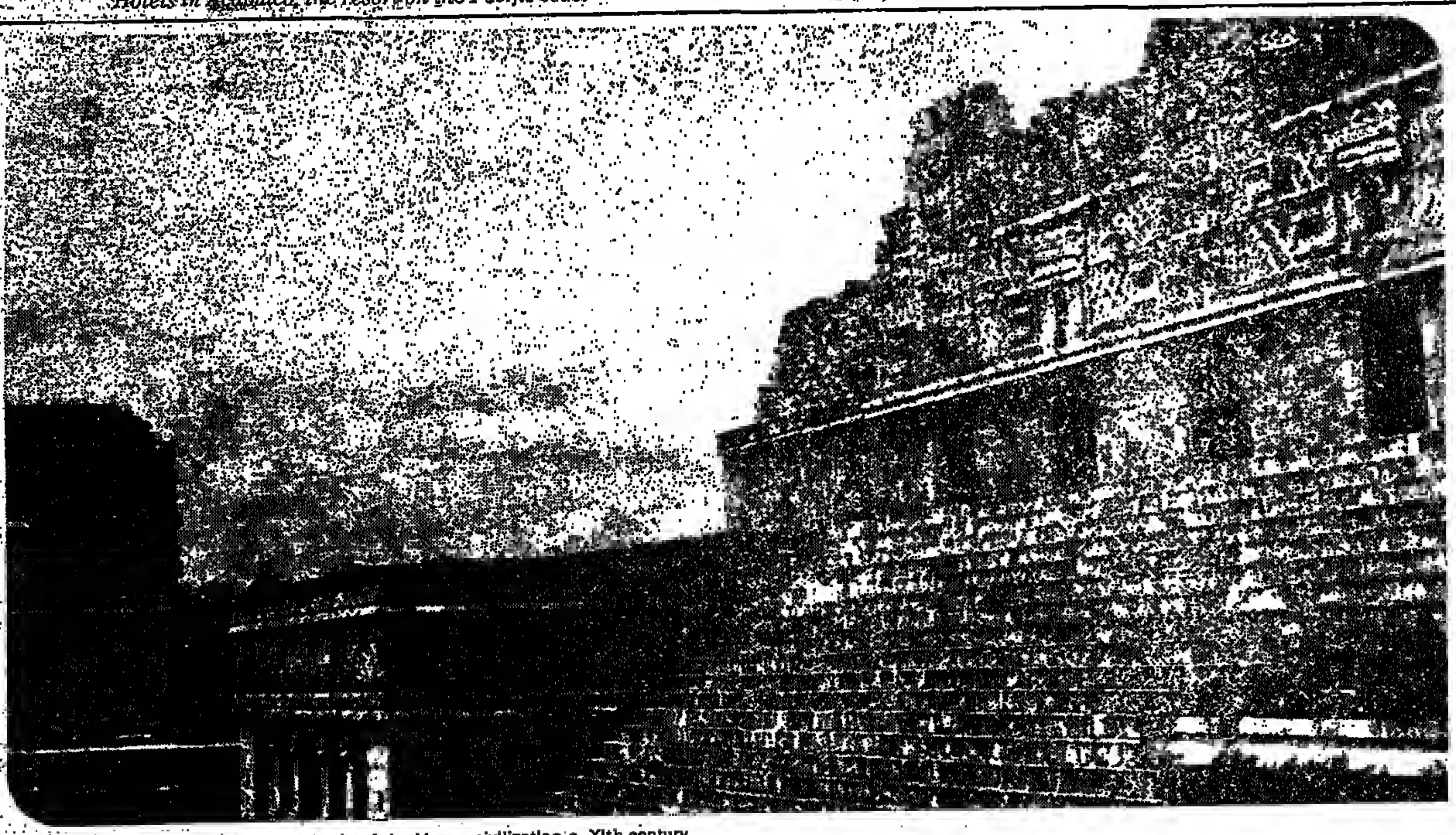
Those strange, long-winded names, such as the plumed serpent, Quetzalcoatl (whicb yon can never roll off your tongue), sbould at least make more sense to you.

The rooms trace the sequence of cultures from their most remote origins, througb the Pre-classic, Teotihuacan and Toltec stages, down to the Aztec world. Tbere is everything from jewellery to weapons, statues and delicately carved figurines. Outside the museum is thc massive, 30-foot bigh, statue of Tlaloc, the rain god, wbich, when taken to the museum from near the town of Texoco, was accompanied by protesting cloud bursts.

The museum itself is o fine piecc of modern architecture. In the central area is an enormous mushroom-shaped pillar, decoratcd with carvings, which supports a giant metal-ribbed roof.

And unlike most musenms, which often have that crosty, unreal fecling, Mexico's museum is linked to the present day. Look at thc Indian costumes ond, os you walk down Paseo de la Reforma, you will pass Indian women begging in the street and wearing very similar clothes.

W.C.



Uxmal - Courtyard of the nuns, temple of the Mayan civilization c. XIth century.

Hotel Las Hadas in Manzanillo, a Casoler tourism development.

Area of startling contrasts

OAXACA

THE STATE of Oaxaca in south Mexico is a microcosm of Mexico's multi-ethnic society and of its tremendous social problems. It is also one of the most beautiful parts of Mexico and probably the most representative place to visit for those with a limited amount of time.

Mexico's Minister of Industry, Sr. Jose Andres de Oteyza, recently acknowledged that the Government "has an old debt with Oaxaca" and said that the Government intended to repay it. Pope John Paul II used Oaxaca, out of all the places he visited last year in Mexico, to speak about the plight of the poor and the need for reform to improved the lot of the downtrodden.

When the Minister referred to the debt with Oaxaca he was referring to the vital role which the State, and some of its sons, has played in forging contemporary Mexico and which has been rewarded with neglect.

Oaxaca's most famous son was Benito Juarez, a poor Zapotecan peasant who rose to be Mexico's first and only pure Indian president. He defeated the Emperor Maximilian in 1867, so making Mexico independent of French rule, and restored the republic.

Revered figure

Juarez, a venerated figure whose remains are in a much revered monument in Mexico City and whose name adorns streets in every village and town in Mexico, carried out liberal reform including taking over church properties. He also banned bullfighting in the State of Oaxaca.

Since then the "revolutionary family," the amorphous elite which has ruled Mexico since the 1910 revolution, has capitalised on his name but has not followed through his work. The ban on bullfighting in Oaxaca is still in force, apart from one small ring which is exempt, but the impoverished condition of the indigenous population has not greatly changed since Juarez's day.

Oaxaca is Mexico's fifth largest State and in terms of population (2.6m) the eighth largest. Per square kilometre there are only 25 people, lower than the national average, and the land — a veritable Tower of Babel in terms of the indigenous languages spoken — varies from the fertile central part with its savannah valleys and the rich coastal area to barren scrub.

The superb regional museum in Oaxaca (the capital), which is part of the Santo Domingo monastery near the main square, puts you perfectly in the picture. According to the latest census in 1970, 20 per cent of the then 2m population spoke no Spanish. A million spoke Spanish, 600,000 Spanish and an Indian language like Zapoteco, which was Juarez's first language, and the remaining 400,000 need an interpreter or sign language to be able to talk to their Spanish-speaking compatriots.

Complex problem

The communication problem is compounded by the fact that unlike in the Yucatan, another indigenous area, where the majority speak Maya, in Oaxaca the 400,000 Indian speakers embrace as many as 15 indigenous tongues. Along with a further 1.2m Spanish-speaking people, they also live in isolated communities of less than 2,500 each, mainly in the sierra.

The Indian population, which is as large today as it was in the 16th century when Spain conquered Mexico, is thus doubly cut off—both by language and remoteness. In extreme cases neighbouring communities speaking different indigenous languages have come to blows because their problems could not be solved by a common language.

The museum displays the many brightly coloured costumes and jewellery which are still worn today and explains the religious and social habits of the indigenous groups. To leave the museum and walk a few blocks to the square is like entering an extension of the museum.

The square, probably the finest in Mexico, is Oaxaca's heart. In the centre, crowned with an ornate band stand, several small fountains and palm trees, there are dozens of shoeshine boys. Seated on the white iron benches are Indian men and women—the women wearing the colourful sarape (a shawl) and with their jet black hair invariably plaited with ribbons; the men heavy leather sandals, white trousers and often a striped blanket slung across the shoulder.

Around the square, underneath the arches, there are shops and bars. Men, drunk on the local brew Mezcal, made from the agave plant, occasionally weave in and out the metal bar tables; blind men, often led by barefooted, moonfaced children, beg; other children try to bargain with tourists over the sale of handicrafts.

The situation is alarming. The Government's own statistics spell out the drama of the imbalance between the rural and urban economies.

Whereas in 1970 57 per cent of the urban population earned over 1,000 pesos ($80) a year, only 5.8 per cent of the larger rural population earned a similar paltry sum. The workforce is small, probably no more than 25 per cent of the population, because with a 3 per cent population growth rate 45 per cent of the population is under the age of 14. This produces intense pressures on the labour market, all the more intense in Oaxaca for there are few job opportunities. Over 85 per cent of the population works in agriculture, fishing or mining.

In 1970 Mexico's National Nutrition Institute classified the food situation in Oaxaca as "bad." This is an understatement. Eighty-one per cent of the population in the State did not eat meat in that year, 73 per cent had no eggs, 74 per cent no milk and 60 per cent of children were reported to have first or second degree malnutrition. The tourist is unlikely to witness such poverty for himself because these poorly fed people, dependent on whatever crops the soil produces, live in tightly knit communities way off the beaten track.

In 1970 there were 1,672 hospital beds in the State of Oaxaca, less than one bed per 1,000 people. But as 41 per cent of the beds are in Oaxaca capital itself the distribution is very uneven—3.7 beds per 1,000 people in the capital, at least seven times more than in the rural areas. Of the total 570 municipal areas, only 181 are accessible by paved roads.

The magnitude of the debt which the Government owes to Oaxaca is clear and it is beginning to be slowly repaid through investment in tourism and through some industrialisation in the area at Salina Cruz on the Pacific coast, which is one of the four development port areas.

Oaxaca, like the Yucatan, is dotted with pre-Colombian ruins. The most spectacular are at Monte Alban which was originally a Zapotec centre dating back as far as 1000 BC. To visit the sight and its magnificent view across the mountains is to imagine being on the rooftop of the world.

Local people often conceal themselves among the ruins at

The number of tourists to Oaxaca has been steadily increasing. Last year there were 899,400, a 15 per cent increase over 1978, and they spent 1.3bn pesos ($57.5m) compared to 1.1bn pesos ($48.6m) in 1978. In 1979, 631 new hotel rooms were built at a cost of 329m pesos ($14.5m) bringing the total to 3,500 rooms. There are 31 flights a week to Oaxaca.

The main emphasis on tourist development is in the central part around the capital and the coast from Puerto Escondido to Salina Cruz. Puerto Escondido, which is linked to Oaxaca by two flights a day, is rapidly being developed by Fonatur, the Government's financial agency for tourism.

William Chislett

Ancient ruins among the wonders of the world

THE YUCATAN

THE OLD and the new Mexico are juxtaposed in the Yucatan peninsula—the area forming the bottom rim of the Gulf of Mexico and is flanked on one side by the Caribbean.

More than any other part of this infinitely varied country, the Yucatan, in the form of the fabulous Mayan and Toltec ruins, reflects the glory of pre-Colombian Mexico. In complete contrast Cancun, on the Caribbean coast, is an ultra-modern showpiece resort and pointer to the tremendous growth potential of the Mexican tourism industry.

The peninsula—which comprises the States of the Yucatan, by far the largest with a population of about 1m, Quintana Roo (200,000) and Campeche (400,000) — but is generally known as the Yucatan, is the place for those wishing to steep themselves in history and to picture the richness of the ancient Indian civilisation which existed before the Spanish conquest destroyed it.

"If I may be permitted to say so, in the whole history of discoveries there is nothing to be compared with those here presented," wrote the archaeologist and explorer John Stephens in 1841 when he found the ruins. He may have been exaggerating, but few people who have visited the Mayan ruins at Uxmal and Chichen-Itza in Yucatan State would begrudge them a place among the wonders of the world.

The enormous and intricately carved pyramids, temples and palaces, harmoniously blended into jungle settings, bear witness to a brilliant civilisation which started around 600 BC and ended with the conquistadores.

In these areas little has changed since Mr. Stephens, accompanied by Mr. Catherwood, an exquisite illustrator, first ventured into the Yucatan. It is worthwhile reading Mr. Stephens's "Incidents of Travel in Yucatan" before visiting the area to gauge for yourself how little rural Yucatan has changed since—both visually and in its way of life.

To this day Yucatecos—or Mayas as they proudly prefer to be called—still live in oval-shaped thatched huts with walls made of wood and mud. In these indigenous communities the Mayan language is still spoken; water—very scarce—is drawn from wells; people sleep in hammocks; the women wear the huipile, a smock with embroidered hem and neckline, the older men white shirts, skirts and broad-rimmed straw hats.

In appearance also, with their wide foreheads, pointed chins, prominent noses and short stature—a description which is not meant to belittle their distinguished features—modern Mayas are very similar to their ancestors.

To visit a lesser known ruin like Labna, where the ticket seller still lives in a thatched hut near the great palace, is to experience momentarily a strange sensation that time has stood still. From the top of the palace, a flat landscape, dense with forest, stretches as far as the eye can see. Not a single building obstructs the view except an occasional ruin and the only sounds are those of tropical birds like the black-throated oriole, whose song is a series of clear whistles varying in pitch.

Similarly, to wander off the beaten track at Chichen Itza, along a footpath strewn with yellow daisies for about half a mile, to the Temple of the Four Lintels—so called because of the horizontal crosspieces over the doors—and find a Mayan family closely examining the work of their ancestors gives flesh and bones to history.

Not so easy

You need strong legs to climb the pyramids and anyone who suffers from vertigo should not attempt the 150 steps of the Pyramid of the Magician at Uxmal. It looks easy until you get to the top, which is crowned by a temple with delicate lattice work on the golden coloured stone; then you realise that you also have to get down. The 45-degree descent looks a lot steeper from the top than from the bottom.

For the terrified, like myself, there is a chain running down one side of the pyramid and you grip on to it as you slowly descend backwards. "Don't look up, don't look down, just look at the step," a middle-aged American lady exhorted me in a piercing Brooklyn accent as I began the climb down. She had just come up the other side of the pyramid, which is a 60 and not 45-degree climb, and her knees were shaking.

The Yucatan, despite encroaching modern civilisation and closer links with the outside world (the area was not linked by rail to the rest of Mexico until the 1950s) still looks and feels very different. It wears an air of independence which the Spaniards discovered with a shock and which still persists to this day.

It was not until 1542 that the Yucatan was fully under Spanish control—21 years after Cortest had subdued what is today Mexico City. Don Francisco de Montejo was given a royal grant to conquer the "island" of Yucatan, for the Spaniards believed it was a separate country. His house, said to be the oldest private building on the continent, looks on to the Zocalo, the main square in Merida, and is open to the public.

The Yucatan was not very involved in the major movements in Mexico—independence from Spain in 1821 and the revolution of 1910—and there have been several attempts at achieving a separate status from the rest of Mexico.

Two independent factors, however, are now changing the atmosphere of mistrust between the Yucatan and Mexico City and the feeling on the part of the Yucatan as a whole that the central government has neglected the peninsula for too long.

These are the oil in the Bay of Campeche, which only came on stream last July and is said by Pemex, the State oil monopoly, to contain the largest offshore reserves in the world, and the tourism potential of the Yucatan.

The oil is having a strong impact on the local economy of the State of Campeche. The island of Carmen, where Pemex has established its offshore headquarters, is bursting at the seams with oil engineers. Hotel accommodation on the tiny island, which until the onslaught of the oil was a quiet tropical backwater dependent on shrimp-fishing for its livelihood, can nowhere near match demand.

The situation was greatly aggravated by the blowout at the Ixtoc well. It exploded last June and initially spewed into the Gulf 30,000 barrels of oil daily, some of which reached beaches in Texas. The flow was gradually reduced.

The Ixtoc disaster has raised fears that the ecological damage from the oil could be substantial, although this has yet to be substantiated. Ixtoc has produced a tourist spin-off to the extent that some visitors to the Yucatan have been heading for the island of Carmen to try to get a glimpse of the oil spill. It is a long drive and involves crossing three rivers by ferry.

Tourism is more important than the oil for the people of the Yucatan; in an area with widespread unemployment and underemployment it is a much-needed labour-intensive industry. Basically the Gulf coast of the Yucatan peninsula is being given over to oil and the traditional fishing industry; the ruins in the centre part are being capitalised upon as a tourist attraction, without spoiling their surroundings, and the Caribbean coast is being exploited for new resorts.

Apart from fishing, the great bulk of the poor in the Yucatan State depend on sisal-growing for their livelihood. The soil is so arid and limestone so near the surface that little else will grow. Mile after mile of the green plant, a member of the cactus family, line the roads. But the sisal industry, in which the Yucatan State has been among the world's main producers, is steadily going into decline.

Last year production in this State dropped by 10 per cent over 1978 to 70,000 tonnes compared with 117,000 in 1970. Synthetic fibres are presenting strong competition and people are also quitting the tough job of cutting the plant with a machet in the blazing sun for an easier and better-paid job elsewhere.

In the Yucatan State 5,500 people work in the sisal industry, mostly managing their own small plots, and they earn on average no more than 600 pesos ($27) a month. Based on an average family size of five, 27,500 people depend on the prickly plant.

The Government has to give an annual subsidy to its sisal company Cordemex of 1bn pesos ($45.4m), for it cannot afford the social consequences of shutting down the industry. "To do this would invite revolution," a planning official in the Yucatan State Government told me.

Tourism is the answer to many of the Yucatan's problems and nationally no other area apart from Baja California Sur has such potential. The pilot scheme at Cancun is developing very quickly.

When the Cancun project was first discussed in 1970 there were, according to a study made by the Ministry of Tourism, exactly 121 people living at Puerto Juarez, just up the coast from what is today Cancun. Today there are 40,000.

W.C.

Hotel plans speeded up

TOURISM in Mexico is entering a period of unprecedented expansion, but some industry officials wonder if the country is ready for the growth.

Last year, 4.1m foreigners visited Mexico, mainly from the U.S. The number of foreign visitors is expected to more than double by 1985 to 8.5m. By the year 2000 the figure could be as high as 16.5m.

A similar growth is expected in the number of Mexicans taking holidays within the country. Last year there were about 37m local tourists—and the Government anticipates there will be more than 60m a year by 1985.

The country is already straining to meet the tourist demand and will have to dramatically improve its infrastructure if it is to be ready for the flood of new visitors.

Mexico City, which has the tightest hotel market in the country, averaged an 85 per cent occupancy rate in 1979 for first class rooms. The occupancy rate had increased to 87 per cent during the first quarter of 1980.

In order to meet the growing demand, the National Tourism Plan sets a goal of constructing 75,000 new hotel rooms between now and 1982—this is about twice the number built in 1977-1979. There are around 232,000 hotel rooms in Mexico at the moment.

One sixth of all the new hotels will be built in the Mexico City area. Acapulco and the Yucatan peninsula are also targets for major developments.

The largest new hotel under construction is the Holiday Inn Caballito, an 800m pesos ($35m) project in Mexico City. The 840-room hotel is scheduled to be completed early in 1982.

A larger hotel has been under construction in the capital for years, but it can no longer be considered a "new" project—this is the 1,500-room Hotel de Mexico, a 35-storey mountain of glass and concrete, looming over the south side of the capital. It was initially scheduled to open for the 1968 Olympic Games in Mexico City. Each year the management promises it will open soon, but money problems have repeatedly halted work.

In Acapulco, Japan's Mitsui Corporation has completed preliminary studies on a $1.1bn hotel complex which would be built on the site of the existing Icacos Naval Base. The military base is being moved, thus freeing prime beachfront property in Acapulco harbour.

Mitsui, in a joint venture with the Guerrero State Government, hopes to build a 1,800-room hotel, a 500-room de-luxe lodge, 1,600 apartments and a shopping centre.

Traditional system

The title to the property would be held in a 30-year trust, the traditional instrument used for foreign investment in tourism.

Less grandiose projects are planned by several major U.S. hotel chains, which generally act as partners with Mexican firms or operate hotels on management contracts.

The American companies have been credited with bringing a high degree of quality control to the Mexican hotel industry. In addition to applying strict operation guidelines, the U.S. companies also have served as a training ground for many Mexican executives who later have started their own hotel businesses with the same form of quality control.

With the explosive growth of the tourism industry, the Government is under pressure to improve its system of quality control. In addition to its long-standing programme of regularly inspecting hotels, the Tourism Ministry started a training scheme in April to teach new workers in the industry how to provide better service.

But despite the challenge facing the industry, Mexican hotels still are able to offer relatively good service at a reasonable price.

Mark Fazlollah

The success of the annual Guanajuato Festival attracts dancers and arts groups from many countries. Above: A Mexican folk dancer

Festival is now a major attraction

VISITORS TO Mexico, in search of culture and pleasant surroundings, would be well advised to consider visiting the exquisite colonial city of Guanajuato in May when the Cervantino Festival is held.

The festival has quickly grown in stature since it was started, eight years ago. This year there were 52 different events from 24 countries in the space of three weeks, ranging from the New York City Opera to the Old Vic Company and the Cuban National Ballet.

There are few more inspired settings for a festival than Guanajuato, which stands in a narrow gorge, overlooked by mountains, some of which were extensively mined for silver by the Spanish Conquistadores.

Winding cobbled streets, squares shaded by Indian laurels, houses and churches dating from the Spanish Conquest in the sixteenth century and, above all else, the fine Teatro Juarez, with its Doric columns, all conjure up a rarified atmosphere.

Hotel space is limited as are the number of festival seats so an early booking is needed. The festival is now advertised in the U.S. and Europe and it is possible to book for the festival through travel agencies.

This year, the festival organisers extended the idea, started last year, of holding free events in the Alhondiga de Granadita. This is in response to accusation that the festival was becoming "too elitist" and that audiences were predominantly Government officials with free tickets.

The Alhondiga was originally a granary. Later, it was turned into a fortress where the heads of four of the country's leaders of the independence movement from Spain were publicly displayed for ten years.

Several thousand people cram into the specially constructed open air theatre by the side of the Alhondiga. The only disadvantage is that artists are at the mercy of the weather. The Mexican Flamenco dancer, Pilar Rioja had to abandon her vibrant dances because she found the stage too slippery when the rain fell.

Guanajuato is about a three-hour drive from Mexico City. The State of the same name boasts many other colonial jewels. San Miguel de Allende has a beautiful square, crowned by a church with a Gothic tower. And at Dolores Hidalgo you can see the church from where Father Miguel Hidalgo gave the famous "shout" of independence from Spain. His home is now a museum.

A new airport, being built near Guanajuato, is scheduled to be in operation by the end of 1981.

W.C.

هكذا من الأصل

APPOINTMENTS

Group scientific adviser at Laing

Mr. Cyril Hobbs, managing director of John Laing Research and Development, has relinquished that position but remains a director of the company. He will take up a new appointment within the LAING GROUP as group scientific adviser. Mr. R. C. Tucker, at present chairman of John Laing Research and Development, will assume executive responsibility for the company.

Mr. Cyril Hobbs

*

Mr. C. F. Czilinsky has been appointed general manager of the LIVERPOOL DAILY POST AND ECHO group. He joined the group in 1969 and was made a member of the group Board in 1979.

*

Mr. Bryan Hope has been appointed chairman of WINE FAIRS AND PROMOTIONS. He is chairman of journal publishing in IPC Business Press and chairman of IPC Exhibitions. Mr. Ken Smith, permanent director of the World Wine Fair, has joined the Board of Wine Fairs and Promotions and will act as company secretary.

*

Mr. S. E. Wyatt, at present chief accountant of POWELL DUFFRYN QUARRIES, has become finance director. Mr. J. Cotter has also been appointed a director and continues as area general manager for the South Wales division.

*

Mr. A. G. Shiach has become chairman of MACALLAN GLENLIVET.

*

Mr. Rainer Plentl has been appointed managing director of CANADIAN IMPERIAL BANK OF COMMERCE. He was previously manager of the Paris branch. Mr. James B. Clark has become deputy managing director. Mr. Clark joins CIBC from senior appointments with American Express International Banking Corporation and Nesbitt Thomson Securities. CIBC, London, is a subsidiary of Canadian Imperial Bank of Commerce, Toronto.

*

Mr. Gerald James and Mr. Brian Hughes have resigned as non-executive directors of BELHAVEN BREWERY GROUP. Mr. Hughes' legal firm will continue to handle the group's business in Scotland. Mr. James remains a director of Ashpoint, its plastic packaging subsidiary.

*

Lord Alport has retired from the chairmanship of DEVITT LANGTON AND DAWNAY DAY but remains a director. Mr. P. R. Lawrence has been appointed chairman.

*

Mr. Tony Dignum is to join DIXONS PHOTOGRAPHIC (UK) as financial director on June 16. Mr. Dick Andrews will join the company as director of personnel and training on June 23.

*

Mr. David W. G. Denyer has been appointed to the newly-created position of chief executive of the HEFIK WATCH COMPANY of Birmingham, sole distributor in the UK of Piaget and Baume and Mercier watches.

*

Mr. R. J. O. Barton has been appointed a director of MATHESON AND CO.

*

Mr. Bobert J. E. Secular has been appointed divisional director, WIGHAM POLAND REINSURANCE BROKERS.

*

Ms. Carol Jean Erwin has been named director-divisional advertising and public relations of REXNORD INC., Milwaukee, U.S.

*

Mr. John Ratcliffe has been appointed chairman of SAWARD ADVERTISING. He became managing director in 1977, and will continue in that capacity.

*

ADAMSON AND HATCHETT, a heavy engineering company based in Dukinfield, Cheshire, has appointed Mr. J. David Leaver as financial director. He joined Adamson and Hatchett (an Acrow Group company) as financial controller in 1978 after four years with Chloride Industrial Batteries. Prior to that he worked at the Metal Box company.

*

Mr. David J. Varley has been appointed marketing director of CHLORIDE SHIRES, Guiseley, Leeds, a subsidiary of Chloride Group and manufacturer of baths and sanitaryware. Mr. Varley was previously sales and marketing director of Norfactors.

*

EURO - CLEAR SYSTEM Zurich, states that Dr. Georges A. Streichenberg, Swiss Bank Corporation, Basle, chairman of the Board since June 1976, expressed his wish not to continue for another term. Mr. Ian S. Steers, Wood Gundy, London, has been elected chairman of the Board. Mr. Francois de Spirlet, Societe Generale de Banque, Brussels, was appointed vice-chairman. Dr. Streichenberg remains on the Board and executive committee of the company.

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
American Express Bk.	17 %
Amro Bank	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½ %
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½ %
First Nat. Secs. Ltd.	19 %
Robert Fraser	17 %
Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½ %
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	19 %
Langris Trust Ltd	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½ %
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

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LOMBARD

A welcome for the receiver

BY GEOFFREY OWEN

TOWARDS THE END of 1974 there was a difference of opinion ebout Alfred Herbert between Mr. Anthony Wedgwood Benn, then Secretary for Industry, and the Industrial Development Advisory Board, the group of businessmen who advise the Minister on aid applications under the Industry Act. As Mr. Beun told the House of Commons, "The board and I recognised that the business should be placed on a sound and continuing hasis. The board recommended that this was best echieved through allowing the company to go into receivership. I took the view thet this was not the hest course."

Crucial role

A few months leter Mr. Benn's successor, Mr. Eric Varley, was explaining to the House why it was necessary to provide the company with further funds, soon to be converted into e majority holding hy the National Enterprise Board: "In helping to put Alfred Herbert ou the way to a profitahle future we shall he demoostrating the importance we attach to machine tool manufacture es a fundamental pert of our engineering industry . . . There is oo doubt that the company has e crucial role ot play . . . If the company went into receivership it would he disastrous for the British machine tool industry."

In the ensuing five years the company has got through over £40m of taxpayers' money and the "profitable future" looks as far away es ever. In recent months, sioce it has been clear thet no more money is forthcoming from the Government, the company has been selling off or closing down a nnmber of its suhsidiaries. Whether the rump of the husiness can be made viahle remains to he seen, hut in employment terms the company is e shadow of its former self. If Alfred Herhert over had a "crucial role to play" in the mechine tool indnstry, it does so no longer.

There is no douht thet the Industrial Development Advisory Board was right. Receivership in 1974/75 would have been a more efficient and more bumane way of dealing with the company's prohlems than the half-line wbich it has endured since then. Several of the manufecturing units would have found reedy huyers, who might heve provided more stahle employment than Herhert itself. Some units, of course, would have been shut hut e clean hreak, forcing them to find other jobs, would probably bave been better for the employees than the subsequent insecurity, threats of redundancy and gradual decline.

As a recent study* by the Netional Institute of Economic and Social Research has suggested, the Government rescued Alfred Herbert hecause it was hig—without appreciating thet success in machine tools has nothing to do with size.

The Government also took no account of the Impact of the rescue on the rest of the industry. Not only wes it galling for other companies to see a rival, who had clearly lost out in the marketplace, being propped up to stay alive. More important, Alfred Herbert's access to cheap money from the taxpayer enabled it to pursue commercial policies which were positively damaging to its competitors.

The advocates of "re-industrialisation," involving massive government investment in industry, might regard Alfred Herbert as an isolated case which proves nn general point ahout State intervention; they might eay it was simply a failure of implementstion. No doubt there were all sorts of factors, to do with maangement, products and markets, which were unique to Alfred Herbert and contribnted to its poor performance both before and after 1975. Nevertheless, the recent history does lend support to

Unthinkable

One is that receivership should not be regarded as the unthinkahle disaster which Mr. Varley referred to in 1975. It can be a way of safeguarding the viahle perts of a decaying company; as a job-saving device, it may be more effective than e government rescue. The second point is that intervention hy way of subsidy can slow down industrial change but not prevent it. It is not clear that the slowing-down process serves the interests of either the country or the people most directly affected.

* *National Institute Economic Review, May, 1980. NIESR, 2, Dean Trench Street, London SW1.*

The changing nature of audiences

THERE IS an ugly, awkward and unsatisfactory term conventionally used to describe the media-catchment area this column is concerned with—the non-theatrical eudience. This term of exclusion generally means any audience which has not paid to see films in e public cinema. It also tends to include audiences to whom the subject is more important than the entertainment.

Such audiences exist in schools, works canteens, hotel trade shows, film societies, training courses, exhibitions and similar places. Generally they see their programmes on 16mm film, but increasingly video is becoming an alternative method of presentation—via TV sets or large screen video projectors.

The renge of material available never ceases to amaze even a seasoned viewer like myself. At this year's British sponsored film festival, for example, which opens in Brighton today, some 55 films will be screened on subjects ranging from hird language to hanking. These have been selected from a much larger entry of 206, and still only represent the tip of a multi-faceted iceberg.

In the last two months, for example, the films I have been unahle to find time to see typify the strange offerings now availehle—which are at least worthy of a mention if not a review: the Housing Corporation's *Somebody Cares*, the Atomic Energy Authority's *Using Radioactivity*, the Churches Television Centre's *The Making of a Crew* (not quite allegorical, hut a real life-hoat crew), the Butter Information Council's foray into the controversial subject of coronary heart disease—titled *The Search*; and many more ranging from *Windmills* (Gateway Educational Media) to industrial relations as tackled by the Business Education Campaign's *Working Together Makes Sense.*

It is genuinely difficult for a conscientious reviewer to keep up with this output. It certainly means that while the information input for your reviewer is high, the enjoyment level is frequently low.

By chance (or was it judgment in accepting the right invitations?) those examples I have seen recently have been generaly rewarding. Not surprisingly these days, one comes from BP—another of its oil epics, entitled *Under the North Sea*. Without stirring from our armchairs, we have been bere many times before—with superb photography of oil rigs, rough seas and pipelines, good narrative structure, and the indigestible belping of poetic commentary which accompanies so many BP films.

Training Films International, one of UK's specialist distributors, last week unveiled a batch of its releases, inclnding an American import that I predict will be grahhed for company seminars wherever film is used. Simply titled *You*, this four minute gem follows a heby's exploration of a living room—bumping, falling, discovering, achieving. It is all great fun, showing how the infant is never discouraged by failure, and the punch line of the commentary sums it up for businessmen and workers supremely: "Is there anything you could do then that you'd like to recapture now?"

For sheer technical pleasure, however, I salute a 35mm short made for cinema release in stereo sound — *Capital City*. Sponsored by Capital Radio, it followa e day in London, albeit a day dominated by Capital Radio and pop music. For all that, it is a pleasure to watch and to hear and as a non-theatrical non-listener to Capital, it also revealed to me some of the interesting work this London radio station does—such as its community help programme and its sponsorship of the Wren Orchestra.

This film was created for cinema audiences, and as such is hardly a non-theatrical film. This makes sense for Capital Radio, whose listeners—like cinema audiences—are predominantly younger people.

Films on videocassette are opening up newer territories for the non-theatrical type of programme, and the traditional ways of displaying film are changing. One example shown to me last week via a television screen was a TV-style documentary made for Talbot cars to promote their new Solara.

The programme was made on 16mm film and is certainly being used for conventional non-theatrical type screenings. But some 50 videocassette copies are also being pushed around for dealer room showings and private screenings. The film gives an insight not only into the new Solara car, but also the now French-owned Talbot company. The aim is not only to sell the car, but also the company and its workforce.

The television documentary style of this film reveals its origins, namely BBC's Current Affairs correspondent Bernard Falk, who produced it through his own company. It is a trend now familiar in this business, with more television talent turning to what they hope are the richer pastures of industry and sponsored films. They bring with them a welcome style of liveliness and a sense of journalistic objectivity often missing in sponsored films; but they are usually less skilful in keeping to the precise objectives of the sponsor, perhaps because they are not so used to industrial film disciplines.

Ironically, as such people turn their sights to industry away from broadcasting, the television industry itself is also looking to new markets with the non-theatrical audience. The promise of videocassettes and video discs is, of course, the spur — a spin-off business that could find fresh revenue for old programmes.

Last Thursday, BBC Enterprises announced its own plans for the video market. The company — which acts as a selling agency for BBC programmes — has just achieved a record £13m of sales for one year and is now turning to videocassettes and video discs as another outlet for BBC programmes.

Under the label BBC Video, a range of BBC television material is being offered on videocassettes (and later on video discs). The surprise decision has been made to give 3M in the UK exclusive rights in copying and selling BBC Enterprises videocassette programmes — and 3M will be equipping a plant in Wales to handle this videotape duplicating. The decision is surprising because there are many others with greater experience of selling video programmes to the consumer — such as Thorn EMI and IPC Video — whereas this is something quite new for 3M.

BBC Enterprises is reserving its options, however, over deals for video disc releases and state that material will not be released exclusively for one system. First, however, the company has to conclude a tedious four-year negotiation with the talent unions—Equity, Musicians Union and Writers Guild—which wants a bigger slice of the cake than this untested market can safely provide.

This impasse means that programmes currently on offer must be of a type that avoids talent union participation; or alternatively must be restricted to educational and institutional markets. Since all profits from BBC Enterprises are ploughed directly back into programme production, these unions are effectively denying themselves more work for as long as the impasse continues.

The problem did not exist with old-fashioned 16 mm films, when the non-theatrical audience had little identity with paying audiences. But now that specialist viewing groups are becoming linked to the notion of big audience groups—the video owners and consumers with money — suddenly the whole concept of the non-theatrical film is changing.

FILM AND VIDEO

BY JOHN CHITTOCK

Cracking Form should continue

THERE HAVE heen few more impressive displays this season by a three-year-old colt making his debut than that by Cracking Form at Kempton last month, and it will he a surprise if Stavros Niarchos's colt cannot follow with a Lingfield victory today.

Although Cracking Form heat Brilliant Fellow hy only a neck in the opening division of the Seabeech Stakes, the manner in which he won is likely to be remembered for a good while. Denied a smooth passage, the beautifully hred colt—a bay by Habitat out of Miss Petard—always looked likely to maintain his superiority once he had squeezed hetween the runner-up and Prince Jndger a furlong from home.

Asked to do no more than was strictly necessary by Pat Eddery, who is in his element on an experienced maiden, Cracking Form beat the second with more in hand than the margin would suggest.

If, as seems likely, Cracking Form has improved since that encouraging initial effort, be should not be hard pressed to heat his three opponents over a furlong longer. I expect to see him followed home by George Strawhridge's World Affair.

Eddery, with nearly twice as many Lingfield wins over the past four seasons as any of his rival jockeys, could also win on Grunella in the Manor Maiden Fillies Stakes an hour later.

This chestnut daughter of Bireme's sire Grundy, will have henefited from her first race and may prove too quick for Hunston, a fair third behind Pushy in a six-runner event at Newmarket, and Time For Thought who failed by only a whisker against Hunston's odds-on stable companion Dressedtokill at Leicester a fnrtnight ago.

RACING

BY DOMINIC WIGAN

LINGFIELD

2.00—Superb Music
2.30—Bunce Boy
3.00—Powerful Snort
3.30—Greenland Park
4.00—Cracking Form***
4.30—Liberated
5.00—Grunelle*

YARMOUTH

2.15—Irish Salt
2.45—Tracey's Brother
3.15—Ringgit
4.45—Age Quod Agis**

TV Radio

† Indicates programme in hlack and white

BBC 1

6.40-7.55 am Open University (Ultra high frequeocy only). 9.35 For Schools, Colleges. 1.30 pm The Flumps. 1.45 News. 2.00 Cricket: First Test—England v West Indies. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lassie. 4.40 Jigsew. 5.05 John Craven's Newsround. 5.15 Ask Aspel.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 The Wonderful World of Disney.
7.45 Dick Emery—Take 2.
8.30 Rings on Their Fingers.
9.00 News.
9.25 The Wooldridge View.
10.20 European Foothall Championship preview.
10.50 Platform Ooe.
11.20 The Sky at Night.
11.40 Weather/Regional News.

All Regions as BBC1 except as follows:

Cymru / Wales — 5.15-5.40 pm Billidowcar. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 7.20-7.45 Gair I gall. 11.40 News and Weether for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.50-11.20 Current Account. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); Sonth Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 3.55 pm).
11.25-1.05 pm Cricket: First Test —England v West Indies.
2.00 Yon and Me.
3.55 Cricket: First Test.
6.05 Open University.
6.55 Swim.
7.20 Mid-Evening News.
7.30 Cantilena.
8.00 Out of Sport.
8.25 The Philpott File: Inside a Multinational.
9.00 Rugby Special: Transvaal v The Lions.
9.30 Cricket: First Test (highlights).
9.55 The Enigme Files.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 11.55 The Undersee Adventures of Captein Nemo. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.30 Crown Court. 2.00 After Noon Plus Encore. 2.45 Charlie and Julie. 3.45 Tell Me Another. 4.15 Get It Together. 4.45 Extraordinary. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Survival.
7.30 The Streets of San Francisco.
8.30 Only When I Laugh.
9.00 Meet Janet Brown.
9.30 European Football Championships Preview.
10.00 News.
10.30 What Do You Think Of It So Far?
11.30 Quincy.
12.25 am Close: Personal choice with Cyril Shaps.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Against the Wind. 1.02 Anglia News. 2.00 Houseparty. 2.25 Chopper Squad. 3.20 Doctor Down Under. 5.00 About Anglia. 7.00 Enterprise. 7.30 Charlie's Angels. 11.30 Rush. 12.30 am You Have a Minute Lord?

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.20 A Man Called Sloane. 11.30 ATV Newsdesk. 11.35 SWAT.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where, and Weather. 5.15 Bailey's Bird. 6.00 Report at Six. 7.00 Curtain Raiser. 7.05 TV Movie: "High Risk." 10.28 Channel Late News and Weather. 11.30 Kaz. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.40 am First Thing. 12.30 pm Against the Wind. 1.20 North News. 5.00 North Tonight and Area Weather Forecast. 7.30 A Man Called Sloane. 11.30 Reflections. 11.45 Profile of Henry Miller. 12.30 am North Headlines.

GRANADA

11.50 am The Bubbles. 12.30 pm Against the Wind. 1.20 Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 Tuesday Premiere: Glenn Ford in "Punch And Jody." 11.30 Lucan.

HTV

1.20 pm Report West Headlines. 5.15 Sick Transit. 5.20 Crossroads. 6.00 Report West. 10.30 The Tuesday Movie: "One Way Street." 8.00 George and Mildred. 11.30 Mannix.

HTV Cymru/Wales— As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sherdun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.30 World in Action. 12.00-12.30 am Take the Mick.

SCOTTISH

1.20 pm News Headlines and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.30 Charlie's Angels. 11.30 Late Call. 11.35 Celebrity Concert (Neil Sedaka).

SOUTHERN

12.30 pm Against the Wind. 1.20 Southern News and Weather. 2.00 Houseparty. 2.25 "The Colditz Story," starring John Mills and Eric Portman. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.20 The Incredible Hulk. 11.30 George Hamilton IV.

TYNE TEES

9.20 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 5.15 The Electric Theatre Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 North-East News. 11.20 Police Woman. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The White Line. 6.30 Bygones. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.29 Ulster Weather. 11.20 Soap. 12.00 Bedtime.

WESTWARD

12.30 pm Against the Wind. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.05 TV Movie: "High Risk." 10.28 Westward Late News. 11.30 Kaz. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubbles. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 Star Parade.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo
3	1215kHz/247m & 90-92.5vhf stereo
4	200kHz/1500m & 92.95vhf
BBC Radio London:	1458kHz, 206m & 94.9vhf
Capital Radio:	1548kHz, 194m & 95.8vhf
London Broadcasting:	1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Barnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.03 John Dunn (S). 8.02 The Leading Ladies: Dorothy Dixon (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club, starring Marti Caine. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

5.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Messiaen (S). 9.55 Haydn Orchestra (S). 10.55 Cricket: First Test—England v West Indies, including 1.05 pm Six Continents, 1.25 News, 1.30 Lunchtime Scoreboard. 6.30 Strains from Moravia. 7.00 Ilana Vered piano recital (S). 8.00 Aldeburgh Festival, part 1 (S). 9.00 Admiral Canaris, Hitler's Chief of Secret Service (talk by Professor Hugh Trevor-Roper). 9.20 Aldeburgh Festival, part 2 (S). 10.15 The Piano Music of Busoni (S). 11.00 News. 11.05-11.15 Purcell (S).

VHF—With Medium Wave except as follows: 6.00-7.00 am Open University. 10.55 Cello and Piano recital (S). 12.00 Scottish National Orchestra Concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Concert, part 2 (S). 2.10 James King song recital (S). 2.55 Music at the Crystal Palace (S). 3.45 Mendelssohn chamber music (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 5.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.35 *A Party Political Broadcast by the Liberal Party.* 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Little Dorrit (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 Are Brains Necessary? (talk by Professor John Lorber). 8.05 In Touch. 8.30 Music for Living. 9.15 Down the Garden Path. 9.30 Kaleidoscope: Venice Observed. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 John Sachs (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Jenny Walmsley's Special Report—"Quietly Crazy" (S). 8.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Night Flight (S).

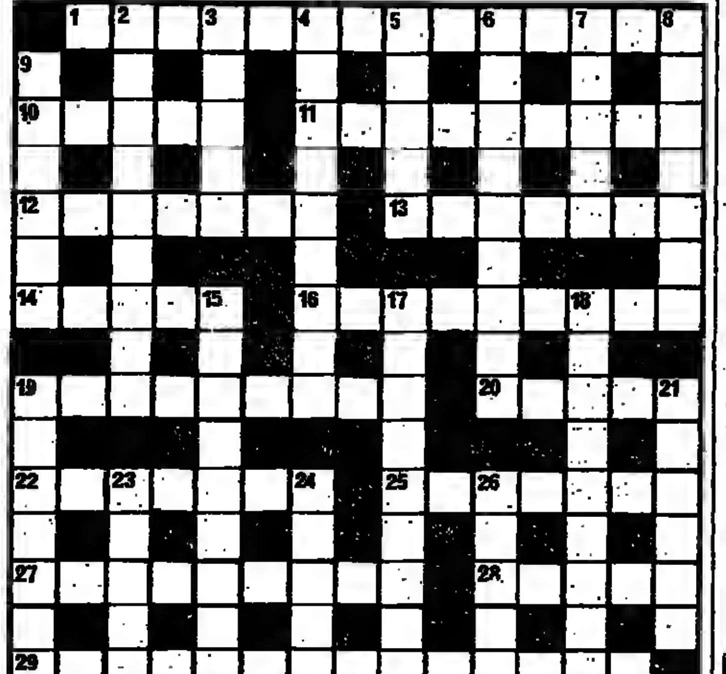
Radio London

5.00 am As Radio 2. 5.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 6.00 pm After Eight. 9.00 Nightline: includes interview with Peter Bottomley, Conservative MP for Greenwich/Woolwich West. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,293



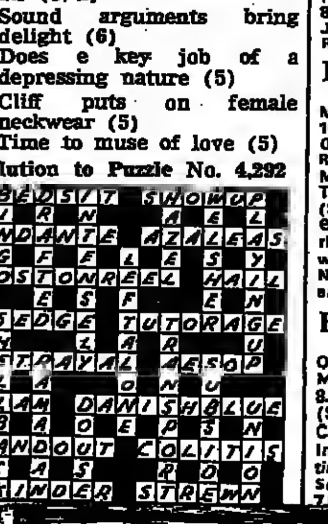
ACROSS

1 In charge nf heavyweight with hig advantage in contest (10, 4)
10 Annoyed abstainer in Sunbeam (5)
11 Reom, single, hut first hook (6, 3)
12 Study outdoor holiday home capacity (7)
13 Each rat has broken windpipe (7)
14 Way round Marines uproar (5)
16 A quiet commendation daughter evaluated (9)
19 Party still calm (3, 2, 4)
20 Exclusive southern cage (5)
22 1 stop en to alter choices (7)
25 Take charge of position of bishop (7)
27 Spinner to follow from one end to the other (3, 2, 4)
28 Champion boxer since adopting another name (5)
29 Poor used force professionally (6, 3, 5)

DOWN

2 Dismissed twice for being unqualified (3, 3, 3)
3 Month to live perhaps (5)
4 Small number nullify effect of apprenticeship (9)
5 Land in water has found a tenant (5)
6 Radiation appearing before the delta (5, 4)
7 Hope dashed about third-class period (5)
8 Pass on firm reactionary (7)
9 Unravel a 24 during brawl (6)
15 Dwarf beard in Paris underground keeping time (9)
17 Bread and hutter piece from drug addict brewing up (3, 6)
18 Northerners long for timber (5, 4)
19 Gunfight with spring in the air (5, 2)
21 Sound arguments bring delight (6)
23 Does e key job of a depressing nature (5)
24 Cliff puts on female neckwear (5)
26 Time to muse of love (5)

Solution to Puzzle No. 4,292



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THE ARTS

Venice Biennale by WILLIAM PACKER

The Serenissima hardly needs more than herself to seduce the visitor first to come to her, and then to return at the slightest prompting; *and yet the Biennale*, that unique, maddening and generous celebration of Modern Art, remains as ever among the best of excuses. And indeed it is the generosity of the Venetians themselves, who pay for it, who have filled their Giardini Pubblici with national pavilions that lie unused for 20 months of every 24, who put important historic buildings at its disposal, that makes it so. That the Biennale should happen at all, and with such insistent regularity, is remarkable — and in Venice, of all places.

But then a moment's reflection suggests that such thankful surprise is perhaps *misplaced*, that Venice after all might be the right, the perfect place for exactly this exercise. For the truth, which is so obvious that in our sad age it bears constant reiteration, is that Art is nothing if it is not alive.

Put another way, good Art of whatever age does not die: the vitality of the *new is sustained* by the continuing vigour of the old, and he would be a poor kind of man, whether artist or critic, scholar or amateur, who would deny the connection. Techniques and preoccupations change, of course, and the superficial differences are sometimes so extreme that the more thoughtless or the more inflexibly prejudiced might well be surprised at the suggestion that some of the things to be seen at the Biennale can ever have anything to do with Art as they understand it. And of course every age produces much that is worthless and meretricious. But the important thing to understand is that Art is never to be sealed hermetically into convenient boxes—the work, as always, goes on.

Which is precisely the point that Venice, who has given so many marvels to the world in the past, celebrates so regularly with such instinctive understanding and enthusiasm. This year, for example, it is only a few yards around the corner from Balthus' paintings at the Scuola San Giovanni Evangelista to the great church of the Frari, and so to Titian and Bellini; or, across the city, from the Bordeaux Experiment at San Lorenzo to the Carpaccios in the Scuola San Giorgio. Always she allows us the natural opportunity to move *easily from past to present, to* accept the great works of the past as a lively element in present experience, and with the Biennale to look to the future. Only physically do we turn our backs on the Redentore as we dive into the Salt Warehouses on the Zattere, or on Venice herself as we walk under the trees into the Gardens.

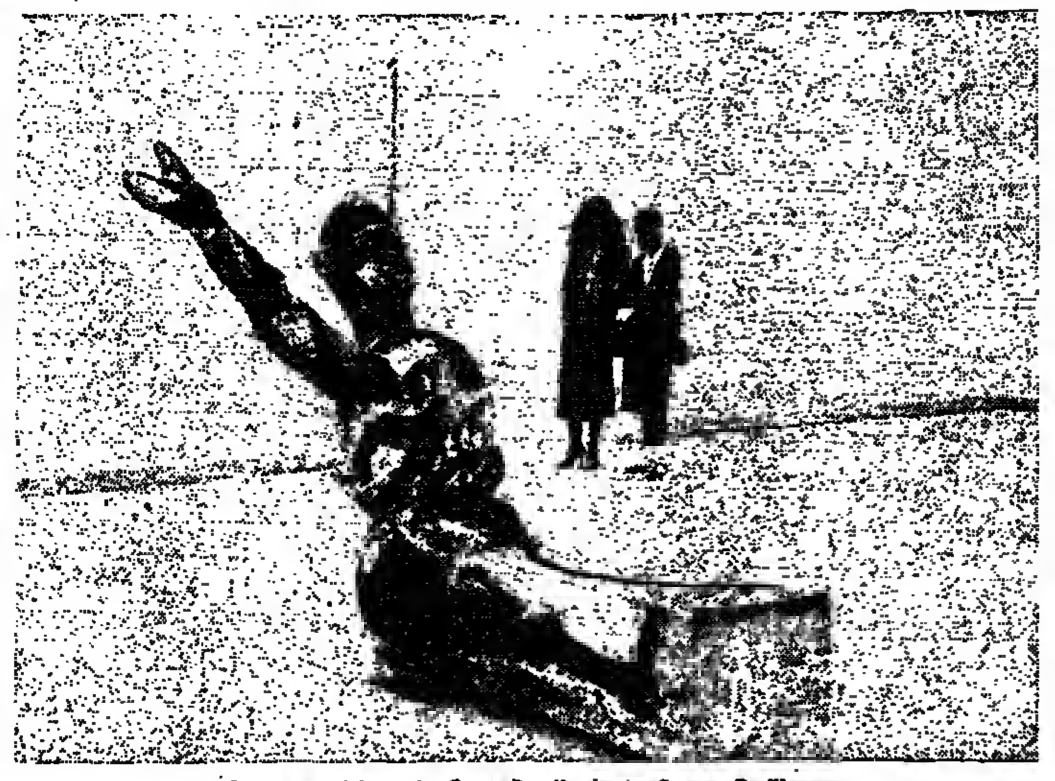
In a year when the Biennale might reasonably be thought a little disappointing and even confused, certainly quieter than usual, less hectic and controversial, it is perhaps worth taking the time to make these general points. Even at its quietest, Venice's Biennale remains one of the most important, significant, useful events in the international cultural calendar.

By great good luck, I suspect, rather than design, but equally to our great credit, the British presence at the Biennale has always been strong, sometimes even dominant, with the British Pavilion on its hill-top quite the prettiest of them all, and quite as clearly in the best spot, as though to say, with a tactful clearing of the throat, that at least within the Giardini Pubblici we are indeed Top Nation *still*.

The British Council on our behalf makes its dispositions with an admirably stylish professionalism, to the signal advantage of those of our artists it chooses to show: but in times when other countries' delegations were reinforced by a marked diplomatic presence, it has been left conspicuously to shift for itself. This year, however, the Consul remained in residence, the Ambassador arrived from Rome, and the first official British reception for the Biennale for many *years, held on the Consulate* terrace high above the Grand Canal, proved to be the most successful of the week: which can have done us no harm at all. The Diplomatic Service has less to fear from Modern Art than it might suppose. Incidentally, for those who savour such ironies, the Russian boycott of these cultural, if no longer competitive Olympics continue, some 10 years after the dissident art project that provoked it.

The general theme given to this Biennale is "The Art of the Seventies," which is fair enough; and as usual only the large central exhibition, put *together* by an international committee, pays much attention to it. For the rest, each contributing nation does as it likes, the catch-all title elasticity itself, leaving each individual show to be taken solely on the merits of the *work* it offers.

Austria, for example, has *decided that* the *emergence of* feminism as a social force was of most significance, and thus given its pavilion over to Maria Lassing, whose paintings, films and photographs with insistent *self-regard turn on the feminine* condition. Canada, on the other hand, having supported a group of artists in the experimental use of video over the past several years, has chosen this moment to collate and assess their collective *achievement*. Australia goes for installation and performance art, jokey, whimsical and visceral by turns, work certainly characteristic of the times, but no more representative than the refined sculpture it showed two years ago.



Large carved figure by Georg Baselitz in the German Pavilion

Many countries simply show the painting and *sculpture they* have to hand and currently favour, more or less interesting as the case may be: and indeed there are many very good things—a group of Hill paintings by Horea Bernea, for example, amidst the muddle of the Romanian Pavilion (he showed another set of them at *House*, in *London*, recently); and a remarkably powerful and very beautiful set of etchings by Jiri Anderle of Czechoslovakia.

And the Americans keep their heads down by sending a quiet and tasteful ready-made package of recent drawings by established and emergent artists, from Christo, Stella and le Witt to Kushner, Zucker and Zakanitch, 66 of them in all. Called "The Pluralist Decade," which can mean what you like, it reads as nothing but a very soft option: which is a pity, for it holds many excellent things, and, with a little curatorial nerve, *a very strong show could* have been plucked from among its contributors. Joel Shapiro (who showed lately at Whitechapel), Susan Rothenberg and the aforesaid Robert Kushner would be my own snap selection.

For it becomes clearer with each Biennale that whatever the arguments and doubts might be about any particular choice, the trick of establishing a real presence in such a throng is to keep it simple, and then to stand confidently on the decision. It really is no accident that this year the best Pavilions are the *Dutch (with one artist—Ger van* Elk), the Polish (Magdalena Abakanowicz), the German (Georg Baselitz and Anselm Kiefer) and the British (Tim Head and Nicholas Pope). Indeed the German is the largest and most imposing national pavilion, and yet its huge central *space is given to a single work by Baselitz*, an *extraordinary* and powerful carving of a large, precariously leaning, seated doll-like figure, for me the most memorable single image in the Gardens.

Miss Abakanowicz is also a sculptor, building form by binding thread into balls and spools that range from the tiny to the huge. These she has heaped into great piles, stranded like rocks on a dark, dry beach inside the dark pavilion, unexpectedly suggestive and mysterious objects.

All these artists deserve more than this passing mention, and I intend also to return in some detail to the two Englishmen, Head and Pope, who in the event make a gratifyingly impressive showing. I felt in advance of the Biennale that whatever the merits of their work, and they are many, given *the* theme, *they* were hardly representative of the range of activity in this country. That said, I would now add that in practice the British Council's decision to show them is certainly justifiable, largely for the reasons rehearsed above. Tim Head's teasing installations, projected illusions confounding the physical reality they themselves represent, are as good as anything I have seen him do; and if it is not the most powerful, certainly Nicholas Pope's wooden hedge winding through the entrance gallery, made up of a gross or more of variegated wooden posts, is the most elegant and witty sculpture of the entire *festival*.

The large international exhibition, too, is too important, for all its faults, to be dismissed in a phrase, and I shall return to it and to its cadet, "The Art of the *Eighties*" *that fills the* Salt Warehouses on the Zattere. And there is the Balthus exhibition in San Giovanni Evangelista, the best of all the Biennale's offerings yet somewhat hors d'oeuvre, an appropriate tribute to the best as he is certainly the most enigmatic painter of the figure working today.

The Biennale continues until the end of September.

Liège Opera Festival (2)

The Hero by RONALD CRICHTON

Both Brussels and Antwerp were represented at the Liège Festival, part of the city's millenium celebrations. Brussels sent La Monnaie's new production of Menotti's *The Hero*, not previously seen in Europe. This strip-cartoon allegory about the Great American Dream was reviewed on this page by Andrew Porter after the 1976 premiere at Philadelphia. I found it flimsy but entertaining, with *the theatrical flair missing* from Danblon's *Cyrano de Bergerac* seen two days previously. The idiom is the usual magpie mixture, deftly bandied. Sometimes the degree of eclecticism is almost breath-taking —not many composers would cap, as Menotti does at the close of *The Hero*, a dollop of *Rosenkavalier* with a pinch of *The Rake's Progress*.

Menotti in light vein is, for *me, preferable* to *Menotti* mawkish (as in *Maria Golovin*, seen not long ago at the Camden Festival). The hero of the newer piece is an average small-town American called David Murphy who becomes famous by falling asleep for *10* years. Unfortunately he wakes up just before the town is due to inaugurate a memorial to him. It is in everyone's interest (except that of his faithful nurse Barbara) to persuade him to sleep again—the town is coining money out of tourists and his dreadful wife Mildred has her own reasons for enjoying her predicament. David consents, or pretends to, but returns even more inopportunely to life at the inauguration ceremony.

Both production, by the composer himself, *and* musical performance were adept enough to skate over some thin ice. The leading roles of David and his loving Barbara were in the safe safe hands of two expert American singers, soprano Nancy Shade and baritone Julian Patrick. The doctor and the mayor, both corrupt, were taken by artists familiar to London opera audiences—Graeme Matheson-Bruce and Eric Garrett. Ira d'Arès was the deplorable wife. Christian *Badea conducted with* a zest and snappiness that almost persuaded one there was a shot of lemon juice in the treacle.

Landowski's *Opéra de poussière*, first given in 1962 at *Avignon*, is written for small forces with an orchestra of a dozen or so and tape. It was staged at Liege in the cultural centre "Les Chiroux," a Young Vic-type auditorium with the instruments at the back and the singers uncomfortably near the audience. The style is a shade less conservative than *Cyrano* or *The Hero* but has dated *sadly*. Oddly enough Landowski falls frequently into that slow, all-purpose arioso which one supposed to be an English operatic sickness. The production of Antoine Vanderweyen, *uncertainly* balanced between realism and stylisation, did not help much. Of the singers only Marc Vento (as Patrice, a young composer whose new opera is only successfully produced after he has lost his girl and killed himself) seemed at ease in his role.

Antwerp's *Idomeneo* was chiefly remarkable for the large part played by the Royal Flemish Opera's ballet. In Britain *we are so accustomed* to producers skimping the important dance element woven by Mozart into his rich fabric that it was a shock to find not too little dance but too much—not only where dancing or miming is required but insinuated into arias and duets. I confess to leaving before the last act, although curious to see whether they would include the big chaconne at the end, as one stalwart member of the audience later assured me they did. Apart from Nico Boer, an accomplished Dutch tenor who made the long-suffering Idomeneo seem unusually purposeful, the performance generally fell below festival standard. The towering quality of the music was blunted.

The festival was designed to show what *is going* on not only at Liège but in the country as a whole—an aim different from but no less worthy than the collection of a bunch of expensive stars to give smoothly luxurious performances under luxurious conditions. The productions seen at Liège are moving round Belgium, a small country with sharp contrasts, not least of language, which affect opera in ways strange to us. *Cyrano*, written and performed in French, drew a large and friendly house at Liège while in Flemish Antwerp, I was *told, the house though* again friendly was small. *The Hero*, sung in English (which would hardly matter in Brussels where the production originated) was sparsely attended at Liège and not, surely, because Menotti is thought difficult. At every performance, however, large or small the audience, there was a feeling of lively interest.

Elizabeth Hall

Pierre-Laurent Aimard

Since he won the Olivier Messiaen Competition in La Rochelle in 1973 at the age of only 16, Pierre-Laurent Aimard is one of those who have impressed me most among the very young generation of French pianists. He opened his recital on Sunday afternoon with an incisive and superbly controlled account, in the best Conservatoire tradition, of Boulez's first piano sonata—expertly shaped and scrupulously observed, lacking as yet only the dramatic breadth and pointing that will give it really convincing individual voice.

It was a telling idea to contrast early Boulez (pupil of Messiaen and Leibowitz) with Debussy's *Images*—if only to underline the textural affinities (a more "breathing" performance of the sonata would have emphasised them still more). Aimard's is an exceptionally urbane and cultivated view of Debussy: faultless control of texture and voicing in "Reflets dans l'eau," and of the dapple and ripple of light in "Mouvement." I am doubtful of the correctness of his very sonorous pedalling of even the opening octave statement of "Hommage à Rameau": but the effect, organ-like in a church acoustic, was unusual and rather beautiful.

Aimard's second half was all Beethoven. The opening *con brio* of the B flat sonata op.22 could easily have sounded merely hectic at such a pace in any less disciplined hands: but here it was both secure and, for its energy and clarity, exciting. The slight but regular desynchronisations of left and right hands in the adagio were curious: unstylish both in Beethoven and in playing otherwise so crisp and rhythmically to the point. There were some fine technical flourishes in the rondo, stylish and resourceful: only a few of the expressive elements seemed, once or twice, more "well-learned" than organic to the interpretation.

DOMINIC GILL

Metropolitan Opera House, New York

Makarova's Bayadère by CLEMENT CRISP

Marius Petipa created *La Bayadère* in 1877. Set in legendary India, it was characteristic of its time in opulence of means—four acts crammed with dance and mime unfolded a tale rich in spectacular effects — but uncharacteristically serious, attuned to darker, Dostoyevskian themes of crime and retribution than were usual in the ballet of its period.

Baldly, its narrative tells of Nikiya, a temple dancer, sworn to the service of the gods, whose *beauty excites the passions of* the Chief Brahmin of a temple. But Solor, a warrior, loves her, and she returns his love. In the first act Nikiya rejects the Chief Brahmin; Solor, returning *from* a hunt, swears his love for Nikiya over a sacred fire, but their meeting is witnessed by the Brahmin. The second *scene takes place in a* palace where a Rajah proposes marrying his daughter, Gamsatti, to Solor. Gamsatti, shown a portrait of Solor, falls in love with him; Solor, seeing Gamsatti for the first time, is attracted by her beauty. The Brahmin, wishing to be rid of Solor as a rival, tells the Rajah of the warrior's love for *Nikiya*, and Gamsatti learns of this from her servant. But instead of Solor's being disgraced, the Rajah determines that Nikiya shall die. In one of the most celebrated mime scenes in all ballet Gamsatti summons Nikiya to the palace and tries to buy her off. Nikiya seizes a dagger and makes as if to stab Gamsatti, *before rushing* away, appalled at her own actions.

At the second act *betrothal* festivities of Gamsatti and Solor (which once displayed 230 dancers *in a procession*, and today in Leningrad include a tremendous property elephant) a *divertissement* culminates in a famous *grand pas* for Gamsatti and Solor. Nikiya is summoned *to entertain* the guests in her role as *bayadère*. She is offered a basket of flowers, seemingly *from Solor; but in fact prepared* by Gamsatti's servant. A poisonous snake concealed within the flowers bites her. The Brahmin offers an antidote if Nikiya will accept his love. Nikiya, seeing Gamsatti with Solor, refuses, and dies.

In the third act the distraught Solor *smokes opium*. In his dreams he descends to the Kingdom of the Shades and *there sees* Nikiya again: this is the great symphonic dance movement that has been known in the West since the Kirov Ballet's appearance in London in 1961. In the fourth and final act, Gamsatti and Solor are to be married in a temple. The shade of Nikiya constantly interposes herself between them. As the Brahmin prepares to marry Solor and Gamsatti, celestial vengeance strikes. The temple is destroyed, and all in it are killed. In an apotheosis Nikiya and Solor are seen in a world of eternal bliss.

La Bayadère has always been recognised in Russia as one of Petipa's finest works, and the role of *Nikiya has been* honoured since its creation by Yekaterina Vazem. (The role of Solor was *originally* mimed by Lev Ivanov and danced in the *pas d'action* of Act 2 by Pavel Gerdt; Maria Gorshenkova was the first Gamsatti; Christian Johannsen the Rajah.) After Vazem's retirement the ballet was less often performed *until* Petipa revised it for Mathilde Kshessinskaya in 1900; two years later Anna Pavlova won huge acclaim as Nikiya. But after the Revolution in 1917 the production was much altered. The Leningrad ballet-master Fyodor Lopukhov records how the last act was suppressed for *want of suitable forces and* machinery, and further major revisions were made by Vakhtang Chabukiany, a celebrated Solor, in the late 1930s. It was he who recast many of the choreographic incidents, putting back the wedding to Act 2, and giving the piece the shape it has today. The recent *valuable showing* on BBC TV of the Kirov staging revealed both the grandeur of the Leningrad manner in performing *La Bayadène*, and the present inconclusive and muddled narrative structure which offers the Kingdom of the Shades as the final scene.

Natalya Makarova

I have gone into some detail about the history of the ballet since it highlights the exceptional achievement of Natalya *Makarova* who has now *staged* it for American Ballet Theatre in New York. The production is of capital importance. Not only is it the first full-length presentation of *La Bayadère* in the West, but Makarova has *returned to Petipa's original* dramatic scheme. She has edited and pruned the current Leningrad text, which she knew as a performer, and by skilled restoration and re-placing of incident has produced a long and fascinating *first* act which takes the action up to the death of Nikiya. The staging of the Shades scene, which she made for ABT in 1974, is now the second act, and she has recreated Petipa's original dramatic climax—the temple's collapse upon the wedding—as her third act, inventing choreographic incident and transposing an existing lotus dance, using much of the correct Minkus music. The result, for the first time in 60 years, is the *ballet d'action* that Petipa intended. It is compellingly good, a grandiose, cogent display-piece for a major company.

Too often in the West we view Petipa as a purveyor—none better — of "classical" dancing. This is a perversion of the truth. Every contemporary testimony speaks of his dramatic genius. *Any study of* his ballets, and of their scenarios, will show that they are complex *dance-dramas far* nearer *Mayerling* in manner than the bleached tutu-displays now *associated with his name*. The "gems from the classics" view of Petipa is one imposed by the *stylistic* inadequacies of most companies who show his work in the West, and by the absence of a dance-acting and mimetic tradition like that so richly present in Leningrad. That Petipa's choreographic inventions are gloriously preserved in the Shades scene of *Bayadère* or in the variations of *Sleeping Beauty* does not expunge the fact that the Shades is only part—a vital, danced contrast—in a larger dramatic scheme, or that Western stagings of *Beauty* are enfeebled *dramatic ghosts*. (We should recall the liveliness of drama in the Kirov presentation.)

Thus Makarova, by reasserting something — and it is a large something — of *what* Petipa created, has rehabilitated his genius. In the process she has given ABT a luscious spectacle, and one uniquely its own. The contrast and pacing of incident, the varied textures of character and classic dance interwoven with gestural and mime passages, propound an *essential fact about Petipa: his* theatrical energy. The great moments — the interview between Gamsatti and Nikiya, the bravura *grand pas d'action*, Nikiya's death, the Shades scene, and the mysterious, doomed wedding (uneasy, hallucinatory) are admirably conceived. In setting out the drama, Makarova has been superbly aided by her designer, Pierluigi Samaritani, who is entirely in sympathy with the decorative manner needed for the 19th century repertory. The Kirov production, as was seen on television, *offers* most *beautiful* designs, which date from the turn of the century. Samaritani's work is no less impressive, exquisite in detail, bold in scope, meticulous in craft. (It is no secret that the backcloths were painted in Italy by artists still able to execute the *trompe-l'oeil* manner of 19th century *design*. *The oleographically* intense perspective of landscape in which Solor and Gamsatti are betrothed, a final temple setting which evokes Sanquirico, are triumphs of imagination and execution. The only drawbacks to the production are the vulgarisations which mar John Lanchbery's arrangement of Minkus' by no means inconsiderable score.

For ABT's artists the ballet presents challenges which they make every effort to meet. At each of the three performances I saw, the corps de ballet was fine in the Shades scene. The presence of Alexander Minz, lately of the Kirov, brought proper weight to the role of the Brahmin. About Makarova's own luminous portrayal of Nikiya, and Anthony Dowell as Solor, as about other casting, I shall hope to report later, for this *Bayadère* is an example of what respect, love and stylistic understanding can do in reviving an old masterpiece to give it new and admirable theatrical life.

Cecil Sharp House

The Watersons

The English Folk Dance and Song Society celebrated the fiftieth anniversary of it's headquarters, Cecil Sharp House, last weekend with the kind of wholesome entertainment which makes folk music so endearing. The tradition is respected in the nicest possible way—with real ale and home cooking, with a saucy boy scoutish attitude to life which shows itself in smiles and seriousness, but also with a broadminded blessing to the development of folk. Accept the tradition and you can amplify away like mad.

Before the morris workshops and the ceilidh, the browsing through the film archives and the folk-in, there was a concert which showed that in variety there is strength. It could not have begun more appropriately than with the Coppers from Sussex, a young trio from the family which provided Cecil Sharp with some of his early songs almost a century ago: in fact the Coppers began with the first song Sharp ever wrote down, "Claudy Banks." After the unaccompanied, unsophisticated nourishing of the roots it was on to *Martin* Carthy's amplified guitar—odd to think that the guitar, now so endemic in the folk clubs, is quite alien to the tradition—with John Kirkpatrick's agreeable accordian and a trumpet, which added an appropriately medieval feel to songs which certainly stretch that far back—and beyond.

Finally, of course, there were the Watersons who for almost 20 years have dominated the folk scene whether they were working or not. Brother and two sisters from Hull of Irish gypsy stock they now sing with Martin Carthy, husband of Norma Waterson. Unaccompanied songs drawn from the cycle of country life—wassails, sheep shearing, ploughing—their extraordinary voices blend as toughly as ever. Perhaps they are not quite such perfectionists in achieving the sound but the Watersons in harmony remain one of the most thrilling experiences not only in folk but in any contemporary music.

ANTONY THORNCROFT

Riverside Studios

CCMC by DAVID MURRAY

The CCMC—"Canadian Creative Music Collective"—is a free improvisation group. Of its four members on the European tour just completed, Michael Snow is better known as an experimental film maker, but he proves to have had a solid professional *jazz* background as a trumpeter. The special territory that the group explores is tangential both to free jazz and to the sober, elevated realms in which Stockhausen's *improvisers take flight*. The CCMC is as electronically extended as anybody, but they play creatively with a *jokier* range of sound—fed through the equipment, many an unlikely object discloses an engaging resonance—and they are not above inconsequently comic props (wind-up toys and plastic weaponry).

What is aimed at is a sort of unpremeditated stream of crypto-musical events, conviction blowing where it listeth. On Sunday the four players were only rarely involved all at once to the same degree; more often the burden was carried by one or two members, with sound-comments by the others — though the most exciting passages were certainly those that engaged the full quartet, not usually on their main conventional instruments (piano, synthesizer, trumpet, sax and bass). Solo flights on the trad instruments tended to slip into under-organised jazz (and Allan Mattes' jazz bass was heavily relied upon, when ideas ran thin, to supply continuity in a soft, oleaginous mutter). The CCMC has a *nice* line in echoing brittle riffs in the alarming-to-dogs register with instant *musique concrète* from their non-canonical noise-makers. For much of the first half, the Studios were filled with sounds that gave delight and hurt not.

Alas, free-fall inspiration is a fickle muse. After some sprightly excursions earlier, the pianist Casey Sokol settled into the mien of someone who with the utmost good will had simply forgotten what he came for. Throughout the second half he failed to remember, and contributed only a thoughtfully spun humming top and a prolonged sad smile to the proceedings. By then Nobuo Kubota, a manic elf, had got bored with his saxophones and run through all his toys. The performance declined into faded memories from the cocktail lounge, which failed to re-enlist Mr. Sokol. At its best, this is a happy and rewarding game, and the CCMC style is neatly calculated to seize ears trained in almost any direction.

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The return of Roy Jenkins

MR. ROY JENKINS still strikes a chord in British politics. There can he few, if any, British politicians who can arouse such a sense of expectation merely by promising to make a speech. As a distinguished historian, a liberal Hnme Secretary and a successful Chancellor of the Exchequer, be bas represented all that is hest, fair and decent in the British tradition. He can also claim other achievements. It was Mr. Jenkins, as President of the Brussels Commission, who called for the creation of a European Monetary System when hardly anyone else gave the idea a chance. It is not surprising that when be speaks about British politics with the air of a man about to return there ahould be an unusual readiness to listen.

Fourth party

It is also trua that British politics today look potentially fluid. There is an expectation of a Liheral revival which could he more powerful, and from a stronger hase, than under previous Tory governments, even if the Liberals are still a nne-man band. The quarrelling in the Labour Party has broken out again to the point where Dr. David Owen, Mr. William Rodgers and Mrs. Shirley Williams have threatened to leave if the Party commits itself to withdrawal from Europe. Evan in the Tory Party there are rumblings of discontent between those who prefer the more permissive approach of the past to the apparent rigidities of Mrs. Thatcher. There are elements in all three parties with which Mr. Jenkins could be at home, and which could be at home with Mr. Jenkins.

Mr. Jenkins, however, has now gone further and raised the possibility of a fourth party. As a basis for discussion of realignment, he said yesterday, "It is inadequate to see British politics as two and a half hottles, one labelled Conservative, the next Labour, the third Liberal . . . We must think mnch more in terms of untapped and unlabelled quantities."

It is difficult to see that remark as any more, or any less, than a tactical ploy. It is, of course, possible for somcone outside the conventional parties to win election to Parliament, as Mr. Dick Taverne has shown, but it is much harder to stay there. It is also possible to imagine financial backers for a fourth party under Mr. Jenkins's banner, but harder to imagine any widespread hody of sustained electoral support. Mr. Jenkins could conceivably win a by-election in his own right, at the right time and in the right place, but that is not the same as establishing a lasting fourth party.

Tactics

The conclusion must be that Mr. Jenkins is looking for allies. At the moment be has committed himself to nothing, sava perhaps the cause of electoral reform. He is right to play it that way. The party to which he aspires could he called Liberal, Social Democrat or both and might be less of a party than an electoral alliance. He is becoming a tantalising presence.

How far he gets when he returns from Brussels at the beginning of next year will depend partly on events largely outside his control and partly on bow well be develops the argument for change. The argument so far is attractive without being convincing. It assumes that the country could be more efficiently and humanely run by a group of people of good will from something called the "radical centre" of British politics: the "radical centre" has not yet been properly defined. It is no less arguable, however, that it is just that kind of consensus by which Britain bas been governed for the last 20 years or so. Certainly that would be the argument from Mrs. Thatcher on the right and from Mr. Anthony Wedgwood Benn on the left. Mrs. Thatcher's challenge to the old order needs time to prove itself, or otherwise.

Liberals

If Mrs Thatcher fails or if the Labour Party breaks up (there are all too many "ifs"), Mr Jenkins may hava his chance. But nelther the complete failure of the Tories nor the complete break-up of the Labour Party seems particularly likely during the present Parliament. The most probable circumstances for a realignment of British politics would come about if Labour were to lose the next general election. Unless and until that happens, Mr Jenkins is unlikely to be able to woo a David Owen or a William Rodgers to a new political gronping. His more immediate opportunity lies with the Liberals, as Mr David Steel, the Liberal leader, is already aware.

A missing link in recycling

THE BLEAK anti-inflationary consensus is powerfully expressed in the annual report of the Bank for International Settlements—but with ona important difference. In the pithy prose which has always distinguished this from other international economic reports, the BIS concludes blumtly that there is no escape from the prospect of tight money and slow growth throughout the developed world. The underlying inflationary pressures which bave brought us to this dismal cul-de-sac in policy have been building up for years, and will probably take almost as long to abate; until then, every effort at stimulation will quickly short-circuit itself through higher prices.

Energy shock

So far, the report could be taken as a text by any central banker giving a public speech; hnt the BIS has one extra point to make, which deserves to be made even more strongly. It is this. The energy shock, which bas done more than anything else to exacerbate inflation, can only be met if we keep a tight rein on real incomas and general credit; but it does not demand the reduction in investment which might be expected in such circumstances.

On the contrary, the violent change in the structure of costs which we have suffered opens an opportunity for rewarding investment in energy itself, and in energy saving. The development of the North Sea and tha re-equipment of the U.S. motor industry are striking examples. This need to invest for the long-term holds out the best hope, in the BIS view, that financial austerity may he imposed without resulting in a true slump, with unacceptable costs in unemployment and lost output.

This is a most important insight. The need to make resources available for investment is a familiar problem; what is painful in the present cycle is that the investment is not needed to add to available output, bnt simply to get back to square one. It is in fact a kind of internal recycling needed to adapt our economies to the era of high-cost energy which set in seven years ago.

Unfortunately, the authors of tha BIS report seem to have forgotten the importance of their own insight wben they come to discuss the other major problem resulting from the energy crisis—the management of the large and persistent surpluses being earned by the oil producers.

Here tha observations of the BIS are entirely conventional. The oil price will not fall in real terms, because tha producers have learned from inflationary experience to protect it. The developed countries, however, will carry a smaller ahare of the corresponding deficit, because of their austere policies. This will pose problems in financing the deficits of weaker, developing countries; and since the banking system is already overloaded with sovereign debt, this will require a bigger rola for official finance, and notably from the IMF.

This again reads like a general-purpose speaking draft for central bankers, but it is not impressive, and indeed is not even consistent with the hope that the energy crisis will accelerate some kinds of investment in the developed world.

It is true that the investment theme does re-appear: the BIS rightly urges that renewed efforts ahould be made to foster real investment in the developing countries, notably in the production of natural resources. This is true, but almost irrelevant in the context of funds on the acale of the OPEC surpluses. The basic proposition remains that the developing countries should borrow from an institution they distrust, and that the IMF should lend, essentially, without security.

Real investment

The fact is that if the developed countries need to make larga real lnvestments despite financial austerity, and the OPEC surplus countrias require real assets, then both sides of the re-cycling problem can he seen. The essential problem is to devise trustworthy assets, without the need to pay usurious rates of real interest (always a danger in the deflationary stage of the cycla) through which OPEC funds can finance the large real investments needed in the developed world. Real investment, not deficit financing, is the only long-term answer.

American textile makers discover the world

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE U.S. textile industry after years of concentrating on the domestic consumer has suddenly woken up to the vast potential for increasing total aales throngh a vigorous attack overseas.

In consequence textile salesmen from the established exporters of Europe and Asia are finding themselves faced with a tough new competitor in world markets.

And after languishing for some years as one of the less glamorous American industries, textiles is now being held up as an example to other manufacturers. In the past year the industry has managed to raise its exports by no less than 45 per cent—turning a trade deficit (exclnding clothing) nf $138m into a surplus of $815m. The increase this year will not be as great but exports bave still been running in the first few months substantially ahead of 1979.

In recognition of this performance the industry's trade hody, the American Textile Manufacturers' Institute, was recently presented with the Government's "E" Award—the equivalent to Britain's Queen's Award for export achievement. In presenting the "E" Mr. Lnther H. Hodges, the Deputy Secretary of Commerce, said the industry had clearly seen that the success of lts foreign competitors in export markets was due to their aggressiveness. "This year the success story belongs to you, not the Japanese or the Europeans."

The industry has surprised even itself with its success which Mr. Hodges went on to describe as far outstripping that of any other American indnstry. Even as recently as April last yaar the U.S. publication, Business Week, nnder a headline, *More Gloom for U.S. Textiles*, asserted that fragmentation over-capacity, and cut-throat competition were bleeding the industry to death.

Just over a year later company after company has been reporting record 1979 and first quarter 1980 results, with overseas sales a significant factor for many of them. Cheap American products from fibres to carpets are mentioned more frequently than Far Eastern imports as a threat to the continued survival of large parts of the British textile industry. Other European countries are also starting to feel the impact of intense U.S. marketing activity.

Mr. Bill Lord, the President of Crompton, argues: "The spearhead for U.S. success in selling overseas has been the weakness of the dollar but added to this bas been the fashion popularity of a number of products which American mills can make more economically and to higher quality standards than most of their competitors around the world."

A handful of prodncers in the U.S. accounts for well over half world production of denim and in the past year there has heen another surge in demand for it.

With carpets, as with manmada fibre prodncts generally, U.S. producers bave the advantage of cheap raw material feedstock as a result of the controls on domestic oil prices. With this and the benefit of economies of scale, producers bave been able to develop sophisticated new yarns and surface effects, resulting in carpets which bave proved stylistically very attractive to British consumers.

In clothing, American designers like Calvin Klein have also become highly fashionable with the young rich around the world.

Fashion appeal, however, has only heen one of a number of factors behind the current American textile boom. Most of

The industry has surprised itself with its success

the major gronps have engaged in extensive restructuring of their oparations during the past few years incinding large-scale re-equipment. The stimulus has come from increased imports, which the industry, like its European counterparts, can only hope to match in price by greatly increased productivity and a reduction in labour content.

Government regulations — tightening up the environmental standards in mills, and in particular aetting new very low cotton dust levels — have also forced manufacturers to throw out most of their old cotton yarn processing equipment and buy the best available new machinery, much of it from Europe. A by-product of this re-equipment ln spinning has been higher quality yarns which can be woven at much higher speeds. The industry has, therefore, replaced most of its older looms with the latest high speed shuttleless looms from Europe and Japan.

Mr. Bill Close, the chairman of Springs Mills, claims: "The cost of re-equipment has at the same time caused many of the smaller family-owned groups to aell out or close down, enahling the industry's bigger companies to increase their share of a market which because of its previous poor profit record has been failing to attract newcomers."

The trend in the 1980s, according to industry leaders, will be further investment aimed at adding to the growing capital intensiveness. According to one estimate the industry will he spending $2bn a year in the 1980s on new equipment and this prospect has hrought a rush by the big German, Swiss, and Italian textile machinery groups to build lavish new sales and services bases in the Carolinas, the heart of the textile area. "We are now engaged on a three-year spending programme which is twice as great as anything we have done before and this will be true of all tha major groups," Mr. Robert Small, chairman of Dan River, one of the main fabric producers, points out.

Further concentration of the industry is also being forecast, with the top 15 companies producing possibly as much as 40 per cent of all output by 1990 compared with 25 per cent at present, and with perhaps one-third of the industry's 7,000 firms disappearing.

Increased specialisation is aslo probable. In contrast to Europe, where textile companies tend to be multi-prodnct, with forward integration in many cases into garments, most big American groops have been narrowing their fields of operation. Cone Mills had aales last year of $681m of which two-thirds came from two products, denim and corduroy. Among the medium sized groups Crompton, with sales last year of $158m, makes only two products: corduroy and velveteen.

For many companies expansion into export markets—enahling further advantage to be taken of specialised know-how and economies of scale—has been seen as a much safer option than the development of new textile and non-textile products for the home market. It is a trend which for another reason, too, is likely to continne, Mr. Small says. "With imports set to rise each year there is only a certain amount we can do in a weaker U.S. market. Yat we currently have 20 per cent of the world's textile prodnctive capacity and only 6-7 per cent of its exports.

The determination of American prodncers to close this gap is also emphasised by Mr. Riegel. "We forgot to change direction soon enough. We have opened our markets to other people and allowed them to maintain barriers. Wa have pretended nations were developing when they were really fully developed, and a lot of damage has in consequence been done to the U.S. economy," he asserts.

For Dan River and other major groups the implication that the U.S. was allowing its share of a hig world market to go unclaimed was spotted a long time ago. The industry has been conscious, however, that in general it has had a reputation for entering export markets when surplus capacity was available, and later withdrawing. The latest move into export markets, though helped by the weak dollar, has this time been preceded by a considerable amount of preparation and is itself evidence of the seriousness of American intentions.

The industry's giants, such as Burlington, have been operating in Europe for some time selling U.S. and locally produced fabrics and yarns. Other smaller groups have also been opening up sales bases, and developing links with European garment producers, or with the big U.S. clothing companies in Europe, such as Levi and Blnebell.

Thus Ti-Caro, a thread producer, opened a Brussels office in 1976 and Greenwood Mills, a producer of volume fabrics, operates from a London hase, first established in 1970. Fieldcrest Mills, a major honsehold textile group, has developed "a store within a store" at Harrods, and West Point Pepperell, another group in the same area, has a joint venture with Tootal which distribntes its top brand of sheets and towels.

Other groups such as Crompton are moving into the Far East, which is seen as potentially a more important outlet for U.S. fabric than Europe, and one of the big denim groups, Riegel, has set up a number of joint ventures in West Africa.

Mr. William Battle, chairman of Fieldcrest, and president of ATMI points ont that there remains a danger. This is that the industry's export effort could be upset by external factors such as a strong rise in the value of the dollar. "We may be looking at exports through rose-coloured glasses because of the position of the dollar. This has made the U.S. the world's textile marketplace and whetted the appetite of the industry. We now have to make sure our new commitment to overseas sales is maintained," be argues.

The industry's competitiveness will also be influenced by the cost of meeting tougher Government environmental standards not only in the cotton dust field but on water and air pollution, and by the movement of U.S. oil and natural gas prices up to world levels. Wage costs are also rising, though this is being offset very largely by the introduction of more capital intensive equipment. This is expected to result in a reduction of around one-third in tha current labour force of about 900,000 in the next ten years.

Wage rates in the industry—the biggest manufacturing employer of women, and of blacks and other minorities—average less than $5 an hour (around $10,000 a year) or less than half the earnings in the car industry. Less than 10 per cent of employees belong to unions. Strong competition is now being provided, hnwever, for the industry's labour from the surge of inward investment, much of it from Enrope, into tha sunbelt states of the South East where the textile industry has its main base.

In spite of these possible problems, and the much more immediate threat posed by the sudden arrival of economic recession, the Wall Street analysis of the industry's prospects is, as a result of export and other development, more optimistic than for many years. Textiles, according to Mr. Jay Meltzer, an analyst with Goldman Sachs, is now in relatively good shape after the substantial restructuring of the 1970s and has become the cheapest producer in the world of many fabrics. The main area where an improvement in performance is needed, he argues, is in the rate of return on investment, the key to the industry's ability to continue raising the money it needs. But there are signs, he claims, that this problem is being given serious attention. Moreover, for the first time in years textile shares are being tipped on Wall Street and their prices—traditionally very weak in relation to other shares—have improved.

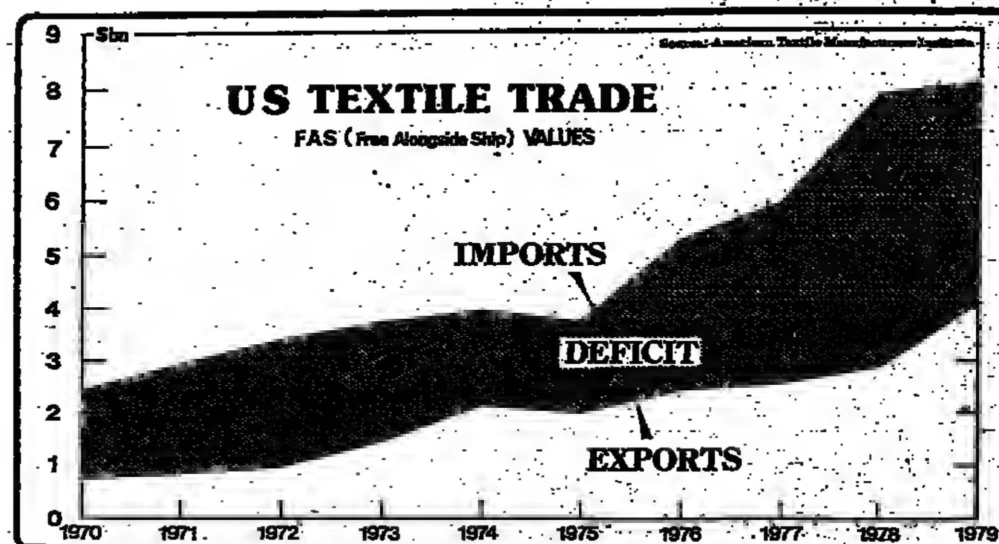
The industry's recent strong performance at home and abroad will belp to generate tha funds for the further growth which it is now hoping to achieve in the 1980s. The textile sector is also hoping that strong lobbying in Washington for changes in depreciation provisions—reducing the period in which expenditure can be written off—will be successful, bringing the industry more closely into line with overseas competitors.

The key factor may still be exports which will have to continue growing if both the higher output of the industry and the likely long-term growth in imports are to be accommodated. With most other countries also wanting to make textiles there is clearly a danger of aggravating worldwide over-capacity and of U.S. competitiveness severely limiting the ability of developing countries to sell their goods at the prices they need. This danger is realised and the main emphasis in tha textila drive is being placed on the need to raise world consumption of textile products.

Wage rates average less than half the earnings in the car industry

"Per capita consumption of textiles in the U.S. is now at an all time high of 60 lbs per year, yet world per capita consumption stands at only 15 lbs per year. Even the developed nations of Western Europe have domestic consumption averaging only half that of the U.S. and in emerging nations the figure dips as low as 5-6 lbs per person. Why cannot we devote more of our genius for innovation, efficiency, good reliable and continuing service, styling and promotion to building consumption in these markets?" Mr. Morris Bryan, president of Jefferson Mills, asks.

How this will be done is not clear but the U.S. textile industry has the firm assurance of strong support from the Government which, as well as making funds available for textile export promotion under the terms of a document agreed with the industry last year, is also threatening to take a tough line with any country deemed to be imposing barriers to American goods, including the advanced developing countries. In congratulating the industry on its response to the document, Mr. Hodges added a note of encouragement which carried with it the promise of further strong government support. "Right now the industry has a friend in the White House," be assured them.



EXPORT SALES OF SELECTED U.S. TEXTILE GROUPS

	1979 $m	% of Total Sales	% Increase 79 vs. 78	1978 $m	% of Total Sales
Burlington Inds.	133	5.0	56.5	85	3.5
Collins & Aikman*	60	10.0	48.5	40	7.0
Cone Mills*	210	30.0	41.9	148	23.9
Fieldcrest Mills*	12.5	2.4	56.3	8	1.7
Graniteville Company*	30	10.0	40.8	21	8.0
Riegel Textile	7	2.0	133.3	3	0.8
Stevens, J. P.*	45	2.5	80.0	25	1.5
West Point-Pepperell	20	2.0	33.0	15	1.7

* Estimated. Source: Merill Lynch, New York

MEN AND MATTERS

Waiting in the wings

Has the bonhomie anveloping the 50th anniversary celebrations of the Bank for International Settlements gone to the French Government's head? Brom Basle I hear that France may be prepared to relinquish its hold on the general manager's post and for tha first tima since 1930 allow a non-Frenchman to take charge.

It still has plenty of time to change its mind, however, since René Larre, the waspish former treasury official who has held the post since 1971, is not due to retire until next February. In the meantime, I understand, Dr. Guenter Schleiminger, his German deputy since 1977, is strongly fancied to move up.

The original reason for the choice of Frenchmen to run the day-to-day affairs of the central bankers' hank was that France was the main creditor of reparation-torn Germany when the BIS was established in the doom-laden days of 1930.

With Franco-German cordiality growing apace, old jealousies, fears and suspicions seem to have faded — despite the current upsets in the "natural nrder" which have West Germany floundering in unaccustomed current account deficit and the French fran lording it over the Deutschemark at the top of the European Monetary System.

Bean jumps in

The Department of the Environment is more puzzled than peeved about the high-speed coming and going of Ronald Turton, named last month as "shadow" chief executive of the "shadow" development corporation which is supposed to start the job of revitalising Merseyside's moribund docklands at the start of next year.

No sooner had his appointment been announced than he quit without giving the department a chance to argue. "He went cold on us just like that," I am told. And so keen was the DoE to keep him, I am assured, that it was more than willing to adjust the contract and discuss "insurance" arrangements.

Risky as the job seems—the legislation necessary to establish urban development corporations for London and Liverpool is still churning around in the bowels of Parliament—ministers have pledged to "wade through hlood" to see them in operation by next January.

Turton, meanwhile, who shunned the £22,500 post, preferring to stay pnt as chief executive of Halton District Council, is hiding hehind his secretary and "not talking to the Press."

I think we can take it for granted that the replacement picked from the DoE shortlist has weighed all odds most meticulously. He is Basil Bean, general manager of the Northampton Development Corporation, consultant to the World Bank, and an accountant with a solid history in local authority finance.

Numbers game

I am glad to hear that Post Office telecommunications are moving into the nnclear aga with souped-up letter-heads, push-hutton telephones, and all the rest. Meanwhile, perhaps telephone operators could be issued with some more space-age patter. Requesting a numher the other day, a reader was told first that it was "not traceahle," then that she "couldn't find it," and finally that "It's not in our current directory, hnt in the more up-to-date ooe."

Heavy debt

Found in an ancient safe in the basement of the Brooklyn Jewish Centre—a manuscript from the pen of Albert Einstein entitled The Compatability of tha Field Eqnation in the Unified Field Theory. Deemed lost for many years, the document came to light only when the owners called in a professional safe-cracker to "hlow" the strong-box. No one knew what it held aod the combination had been long forgotten.

The centre now expects to raise up to $25,000 for the papers at auction this month. The safecracker already has his relatively modest reward, having heen allowed to take away the safe and sell it for scrap.

Rover's returns

While I am sure we ara all relieved at the brightening picture painted by Crown Agents at the weekend, the report of chairman Sldney Eburne skated around one activity which is still losing money. I have in mind the supply of dogs to overseas authorities.

Last year, for exampla, the forces of the Agents' scientific and domestic supplies hranch were summooed to supply to Colomhia one Border Collie hitch to keep in order a flock of Scottish Blackface sheep ranging the Cordillera.

Cost to the Colombians: £300 for the dog and at least the same again for the plane ticket. The cost to the Crown Agents cannot easily he computed, hut Andrey Laurence who runs the scientific hranch tells me: "On what we charge we cannot have made aoything hut a thumping great loss. But thia service is something that countaracts had publicity. You have to weigh the aggravation it costs ua against the goodwill it creates."

Far removed from the sentimental appeal of the market in sheepdogs, Crown Agents also supply police dogs.

Alsations, I hear, teod to degenerate into slothful softies when hred in the tropics. And sioce South East Aslan buyers in particular seem to prefer beasts with a suhstaotial hite, they regularly come to Britain for their stock.

They are, however, finding it increasingly difficult to find hounds of the necessary calibre, possibly because many Alsatians are now being bred more for their virtues as show dogs and pets and are as likely to want to play with malfeasants as to grab them by the seat of the pants.

Time change

Insensitive to what the rest of the world considers matters of principle, the Russians are still tuned-in when it comes to affronts to their peculiar set of moral values. Omega, an advertiser in the official Olympic Games programmes, and the Swedish firm which printed them jumped through boops, I hear, at the hehest of Moscow proof-readers who took exception to the small print in an advertisement.

The firm took space to boast that it had been official timekeeper at all games since 1932, listing the dates and sites of all the meetings since—including Berlin in 1936.

Not even sport escapes the attentions of those comrades charged with re-writing history. All reference to Berlin bad to come ont, they aaid, becanse they were the "fascist games." Omega, however, stuck gamely to its guns and after a loog haggle it was agreed that the ad and history could remain unchanged in the West European languaga editions while in the Russian version all the venues were obliterated.

Note to Kremlin readers: The page facing Omega could also do with some adjustment. It bas heen taken by Coca Cola, which trumpets that it "has refreshed athletes and spectators alike at avery Olympaid since 1928." Not this one. The Coke people have heeded the Carter boycott and pulled out.

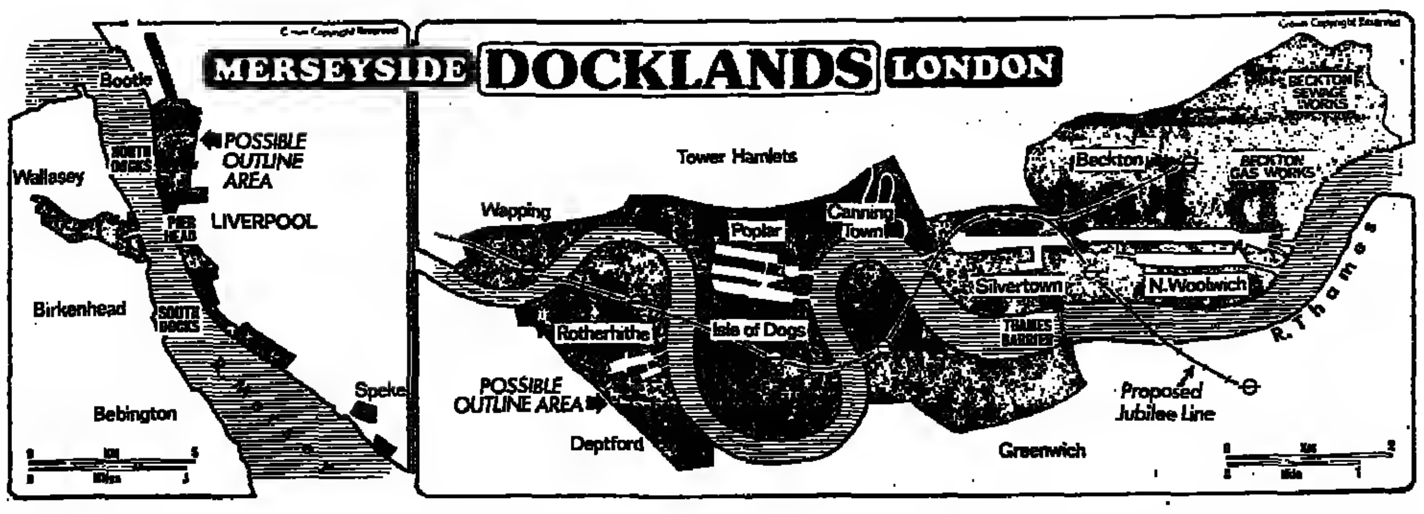
Follow father

From New York a story of a 10-year-old boy who asked his father what made children become delinqnents. "Shut up," said pa. "Pour yourself another drink and deal."

Observer

Pitfalls in the path of dockland UDCs

BY ANTHONY MORETON, Regional Affairs Editor



WHEN SIR GEOFFREY HOWE announced in his Budget speech at the end of March that enterprise zones would be set up in selected areas around the country he threw something of a political spanner into his Government's plans for urban development corporations (UDCs) to rejuvenate the dockland areas of London and Merseyside.

The dockland corporations had been unveiled by his colleague, Mr. Michael Heseltine, the Environment Secretary, last autumn—not without considerable opposition.

The five boroughs concerned in London, each Labour controlled, objected to losing their part in the rebuilding of docklands, which has been going on since 1976, at the behest of a Tory minister. In Liverpool a confrontation with Whitehall was only averted at the last minute when the Tory Merseyside County Council suddenly dropped its outright opposition to the proposal.

However, Sir Geoffrey did more than just cause political confusion. He cast doubt on the logic behind the whole concept of the two urban development corporations.

Enterprise zones are to be areas where planning and other regulations are kept to a minimum to stimulate development. There will be no development land tax, industrial and commercial property will pay no rates and there will be 100 per cent capital allowances for commercial and industrial buildings. The zones will be areas of about 500 acres each given over to go-go businesses. The Chancellor specifically stated that one of these areas would go to Merseyside and another to London, probably to the docklands.

What logic is there in having two bodies trying to improve economic life for their areas? If enterprise zones succeed they could draw away capital and initiative from the urban development corporation areas. In London's case, the corporation could probably stand the competition because its area will be around 5,500 acres when designated. But on Merseyside the corporation is expected to have an area of about 1,000 acres to plan: a 500-acre enterprise zone part of wholly within its boundaries, or even nearby, could swamp it.

The designated chairman of the corporation, Mr. Nigel Broackes, head of Trafalgar House, in London, and Mr. Leslie Young, chairman of J. Bibby and Sons, in Liverpool, swallowed hard and adopted a grin-and-bear-it approach. Mr. Heseltine, for the record, said nothing.

No one denies that something has to be done about the run-down areas that front both the Thames and the Mersey.

London's Wapping High Street and Liverpool's Wapping have much more in common than a name. For each the good times have gone but there are high hopes that they could return.

London's Wapping, where Jack the Ripper once operated, houses the wharves and the complex of the London Docks, the Western and Eastern Docks and the Shadwell Basin.

Liverpool's Wapping runs alongside the Mersey past the Salthouse Dock, the Albert Dock, the Wapping Dock itself and the Queen's Dock. It is a place of almost indescribable inner-city deprivation, the docks gaunt, empty, vandalised and in a state of decay.

In both ports the docks have fallen upon hard times because patterns of trade have changed radically. Liverpool was built on North American trade and especially cotton; London on a general trade, but one which was essentially small units, handled individually, in relatively small vessels.

As new techniques, such as containerisation, and new markets arose so the ships looked elsewhere and the whole interlocking nexus of dockside trades slowly seeped away. This seeping away led to social and industrial decay on a scale hardly

What is the logic of two bodies trying to improve economic life for their areas?

envisaged anywhere else in Britain with the exception of Glasgow's East End.

The need to do something about Liverpool has been acknowledged for years. But London's needs have been consistently ignored. While Merseyside has had special development area status for a long time, successive Ministers have drawn back from helping the capital even though the decline of its dockland has been as sharply defined as that in many other assisted parts of Britain.

This failure was eventually conceded when Mr. Peter Shore, then Environment Secretary, switched the whole thrust of Government policy to inner-city aid, not just in London and Liverpool but in our other major conurbations as well.

For his successor, Mr. Heseltine, this was not sufficient. He wanted a grandiose plan to do something special about London and Liverpool and came up with the idea of urban development corporations.

He had the same vision for Glasgow, too, but was warned off, partly because his fiat does not run to Scotland and partly because the Glasgow Eastern Area Renewal project, under the aegis of the Scottish Development Agency, had already made considerable progress.

Mr. Heseltine's idea was, in effect, to take responsibility for rebuilding both London's and Liverpool's docklands away from local councils and give executive power to urban development corporations, in essence super new towns. Businessmen were to be appointed to head the corporations and private capital was to play a vital role in the rebuilding process.

What Mr. Heseltine was not to appreciate was the strength of feeling aroused by his proposal in the town halls. In London six local authorities were involved: the Greater London Council and the five dockside boroughs of Southwark, Tower Hamlets, Newham, Lewisham and Greenwich. A Tory county and five very Labour boroughs.

Liverpool was similarly divided: a Tory Merseyside County Council and three districts—Liverpool, Sefton and the Wirral — with differing political control.

The position in London was further complicated by the existence of the Docklands Joint Committee (DJC), a body set up in the mid-1970s to do just what the new urban development corporation is supposed to do.

There is, however, one vital difference between the DJC and the new urban development corporation which will eventually replace it. The DJC is an amalgam of local authorities and outside interests, with the local councils having an important voice on it. The new urban development corporation excludes the boroughs — and they do not like it. They see their *power* and *influence within* their own boundaries taken away from them.

Mr. Heseltine exercised great skill in choosing his main figureheads for the UDCs. A businessman to head each corporation, and a prominent local politician to back him up.

For London, there is Mr. Bob Mellish, one-time Labour chief whip in the Commons and a dockside MP since 1946, to back up Mr. Broackes.

For *Liverpool* Sir Kenneth Thompson, leader of Merseyside County Council, former Conservative MP, a one-time junior *Minister*, and until the day of *his appointment to the UDC an* implacable opponent of the whole scheme, is deputy to Mr. Young. On the day the UDCs were announced, Sir Kenneth retorted that they would be "quangos of the first order, faceless, bureaucratic, and without a vestige of public accountability."

The antipathy towards the UDC among the local councils illustrates the difficulties facing the two chairmen. Mr. Young's main problem is finance. He must attract private capital to an area which has a reputation for difficult labour problems.

Finance should be less of a problem in London. But the five boroughs, especially the inner three—Southwark, Newham and Tower Hamlets—are bedrock Labour country. Some idea of their opposition may be seen from comments recently made by Mr. Paul Beasley, Leader of Tower *Hamlets*.

"The proposed Tory legislation to impose an urban development corporation on Tower Hamlets will hit at the very foundation of local democracy," he stated.

"This is the closest to total

Mr. Heseltine had the same vision for Glasgow but was warned off

dictatorship any British government has ever come and I am totally and utterly opposed to it."

These are not the words of a man who will be easily charmed by the blandishments of Mr. Broackes or even the socialist Mr. Mellish. It will take a lot of careful diplomacy to overcome that sort of opposition.

The opposition of the boroughs is strengthened by the fact that they have already achieved some success in attracting in new industry. Tower Hamlets itself has secured two very large employers with the decision of the newspaper groups News International (Sun, News of the World) and the Telegraph (Daily and Sunday) to base their printing operations in the area.

The borough's opposition is strengthened by the knowledge that in the past four years the Docklands Joint Committee has completed a lot of the essential *infrastructure work, such as* the laying of sewers and in-filling of docks, which has to be undertaken before anything can be put up.

When Mr. Heseltine visited the area last year he afterwards expressed considerable disappointment that such little progress had been made. His critics complain that he only looked at the surface. Mr. Broackes has not made this error; he has paid handsome tribute to the achievements of the boroughs and the work of the DJC.

Mr. Broackes must win the support of the boroughs to succeed for another important reason: about 80 per cent of the land is publicly owned and it has been estimated that about 80 per cent of this public land is suitable for development.

Not all of this will be in the hands of the boroughs, of course. Much will be owned by the Port of London Authority, British Rail, British Gas and other state *bodies*. But the public sector is paramount.

The other main arm of Mr. Broackes' policy—and a similar pattern is sure to emerge in Merseyside—is that the corporation will define solutions but get others to implement them.

The corporations will undertake an arm's length policy. Such an attitude is sensible. As some councils, though still only a minority, have come to realise, funding massive operations in today's circumstances places unreasonable strains on local authority resources. Better to involve private finance if possible. The new towns have led the way and some councils have followed.

Meanwhile, the feverish process of creating working organisations goes ahead. Although the Bill creating the corporations has still to be approved by Parliament, work is going on as though it had been approved.

Chief executives have been appointed for the embryonic corporations and it is hoped that they will be operational by the start of August. The chiefs will be choosing their own immediate staffs as consultants look for premises and the respective chairmen and deputies talk to potential board members.

Each board can be 13-strong and there is no shortage of candidates for them. Some have offered their services, some have been approached. The corporations *have* to be ready to go by January 1. It will not be an easy target date to meet but, at the moment, that is probably the least of the problems.

Letters to the Editor

Who are the big spenders?

From the Leader, Swansea City Council.

Sir,—You recently reported on "big spending councils" facing a cut in grant. Among these so-called Baddies is the City of Swansea.

Your readers may therefore be surprised to learn that in 1979, (the latest year available), the average domestic rate bill in the City of Swansea was £165. In the 402 local authorities in England and Wales, there are 254 authorities where the average householder's rate bill was higher than Swansea. These figures highlight the fact that the rate in the pound is no guide to an authority's expenditure. Of the authorities listed by your Correspondent, Camden has an average domestic rateable value of £409, whilst Afan is £141 and Swansea £165.

In case your readers reach the conclusion that Swansea has been included in the list of "Baddies" because *it* has exceeded the norm for rate increases, I would point out that our domestic rate in the pound was increased by 15.63 per cent *this year*. I need *hardly* tell readers of your paper that this is a good deal less than the current rate of inflation.

As in other authorities, the rates in *Swansea* are decided upon by democratically elected members. Their budget is questioned and scrutinised in open Committee with the *Press* in attendance. I doubt whether any other block of public expenditure receives such detailed and democratic scrutiny.

However, the prospect of ever increasing central control which your article conjures up, fills me and local government colleagues of all political persuasions with apprehension.

E. T. Lewis,
The Members Room,
The Guildhall, Swansea.

Boycotts and Arab trade

From Professor Samuel Eilon

Sir,—In his letter (June 3) Andrew Faulds, MP, recalls the evidence given last year to a Select Committee of the House of Lords to the effect that American trade with the Arab world has not suffered as a result of the anti-boycott legislation in *that country*. He argues that the evidence was false, that he has now learnt that American exports to the Arab countries have been shrinking relatively to the total in every year, and that in construction (for example), America is winning far fewer contracts than it used to.

He admits that there may be "additional reasons for the decline in American trade with the Arab world, but it seems clear that the boycott legislation has been a significant factor in hampering American business in that region."

Well, it is far from clear. Other countries have been more successful than the U.S. in securing construction contracts in recent years (and for good reasons), but American trade as a whole has expanded enormously with the Arab world. The Statistical Abstracts *of the* U.S. for 1979 reveal that American exports to the Near East (excluding Israel) rose from $1,853m in 1973 to $10,487m in 1978, i.e., more than 5½-fold! In contrast, the increase in American exports in the same two years was from $2,306m to $5,886m to Africa, only 2½-fold, and from $21,360m to $39,936m to West Europe, less than 2-fold. A further comparison with *UK* export to the Middle East and North Africa (excluding Israel) (obtained from the Information Division of the Department of Trade) shows that the figures for the same period rose from £937m to £4,032m, i.e., just *below* the rate of increase of American export.

Mr. Faulds will have to do better than that.

Samuel Eilon.
Department of Management Science,
Imperial College,
Exhibition Road, SW7.

Bread and clarinets

From Mr. M. Hewitt.

Sir,—Mr. Colin Bradbury, principal clarinet player with the BBC Symphony Orchestra, is said to negotiate his own salary with the BBC, unlikely to be above £10,000 p.a. but said by him not to be comparable with salaries paid to equivalent people in industry (June 4). Therein lies the difficulty, that we don't have principal clarinet players in industry and few people in industry are also professors and able to undertake freelance work as well.

What should we pay musicians, especially when there appear to be too many of them for the money that we, the public, are prepared to spend to support orchestras?

Perhaps the Musicians Union should learn from the medical profession. Ensure that the number of entrants to the profession is limited by restricting the training facilities and seek legal protection to prevent any who do not qualify through the official channels from practising. The mind boggles at what the consultant clarinet player could then earn and certainly the general practising clarinetist would not starve.

Incidentally quite a few people in industry have to do considerably more than 1,500 hours of concentrated playing for less than £10,000 p.a.

M. C. P. Hewitt.
Parvus House, 62 Floral Farm, Canford Magna, Wimborne, Dorset.

Miles per gallon

From Mr. T. P. Kelly

Sir,—Your correspondent Mr. K. E. Dunn (May 31) and his industrial chemist adviser both appear to have got hold of the wrong end of the stick. The advice was to buy petrol early in the day while it is still cold. The volume of petrol increases as it rises in temperature, but the energy content is dependent on the actual mass of petrol bought. As petrol is sold by volume, you get a greater mass of petrol (and hence greater *energy* content) by purchasing cold petrol rather than warm petrol.

In most cases the petrol storage tanks in garages will be at their coldest in the early *morning, so that this is the best* time to buy in order to get the greatest mass of petrol for any given volume purchased.

It is only fair to point out that most storage tanks are buried several feet underground so that the temperature variation in the tanks will be small compared with the changes in air temperature between night and day. Any savings achieved by purchasing petrol in the early morning will be very small, but real nevertheless. The original advice given in your Motoring column was sound.

T. P. Kelly.
28, St. Catherine's Road, Chingford, E4.

Why the circus left town

From the Secretary of the Captive Animals' Protection Society.

Sir,—There is no doubt that economics have hit the travelling circus and will hasten its decline *as an established* tradition, *but* there is an added reason for the enforced closure at this time for Gerry Cottle's circus. Although the circus *trade will not acknowledge* the fact, it is becoming more and more obvious that there is an increasing distaste for the exploitation of animals and a public awareness of *all that this* involves.

The travelling menagerie, which is the worst form of zoo, alone condemns the use of animals for purely commercial reasons in the name of entertainment. People are becoming more enlightened and the wonderful wild life films on TV presenting animals in their natural habitat point the difference between their true life style and the totally unnatural and frustrated existence in the circus. Opposition to this is shown by continual controversy in the press and by many groups throughout the country who make their voices heard during circus visits.

In view of this and the financial estimates of *the costs of* keeping animals shown in the article by Robin Pauley and Lisa Wood (May 31) it is to be hoped that the new Circus Hassani, with *no animals*, will supersede the old animal exhibitions and become the circus of the future with skilled acts of star human performers.

Miss I. M. Heaton.
17, Raphael Road,
Hove, Sussex.

Bring back the local bobby

From Mr. A. I. Ferguson

Sir,—One of the problems of improving the standards of decency in this country is that minor laws are often largely ignored. Things like litter, cycling on pavements and a host of other trivia are all catered for on the statute book, but in the rare event of a policeman actually being present, he may well ignore the incident to save queueing up for hours in the magistrates court.

Firstly, there should be more police on the streets and secondly, they should have the ability to give fixed fines for minor misdeeds. Something like this would bring a very beneficial result and the mere fact of the increased presence of the police would deter crime and once again make the local "bobby" a friend to most.

A. I. Ferguson.
4, Burns Court, Marina Parade, Dawlish, Devon.

Confusion over energy figures

From Mr. David Rollo

Sir,—It is not surprising that the public are bemused by energy statistics. Your Energy Editor (June 4) thinks that oil will be available well into the next century and perhaps beyond. Shell, on the other hand, during the "Save It" campaign gave the world energy resources in oil as equivalent to 30 years production at current levels in an advertisement entitled "The New Energy Age is on its way."

Perhaps there is an explanation of sorts in the figures presented to the National Energy Conference by the Department of Energy who gave estimates of the duration of recoverable world energy reserves of oil ranging from 82 years at zero consumption growth rate to 37 years at 4 per cent growth rate.

In Scotland the figures presented by the NCB for coal reserves are equally misleading, if not more so. The NCB's figures give a duration of about 50 years while the Department of Energy's figures are equivalent to about 1,000 years.

The NCB qualifies its estimate by *saying it* refers to coal accessible from existing collieries under present economic conditions but this is not made obvious in newspaper articles.

Similarly, the Scottish electricity boards when promoting nuclear power claim that "most" sources of hydro-power *potential* in Scotland have been exploited. But the boards' representatives in the early 1960s and the NSHEB Report of 1952 quote figures which show that two thirds of the potential has not yet been developed.

Even governments are now realising that fossil fuels are limited in quantity and that the market economy is not the best way of investing for the future. After all, on a discounted cash flow basis the earth is simply not worth saving.

A start could be made, particularly in Scotland, in planning for the future if nationalised bodies and government agencies would detail the data and assumptions upon which their estimates and statements are made.

At present the electricity boards are antagonising the public by aiming their publicity below the lowest common denominator. I am sure that many people would appreciate the reasons for the oil-fired white elephants which were planned when oil was $2 a barrel. The boards seem frightened to tell us.

David Rollo.
25, Beaufort Drive,
Kirkintilloch,
Glasgow.

A drawback of Eurocontrol

From Mr. Alasdair Hutton

Sir,—The letter from the trade union representatives in Eurocontrol (June 4) made a number of helpful points in the debate on air transport in Europe.

They were coy, however, about mentioning one drawback of a unified air traffic control *system* in Europe. It would place tremendous power in the hands of the trade union representatives to bring Europe's air traffic to a standstill with vastly greater misery and loss than we have already seen when only one nation's controllers strike and go slow.

Anyone interested in *improving* air transport in Europe must be concerned about this and would need substantial reassurance about trade union behaviour before accepting the arguments adduced to support Eurocontrol.

Incidentally, I have not found Great Britain's image "extremely low" in the European Community. Indeed I find in the European Parliament that we have never been better respected.

Alasdair Hutton,
Member of the Transport Committee, European Parliament.
121, St. Vincent Street, Glasgow.

Callaghan, Thatcher, and the shop floor

From Mr. F. Whitehouse

Sir,—Press, radio and television may think it highly important whether Mr. Callaghan leaves, or clings to, the leadership of the Labour Party. But you'll find no echo of the excitement on the factory floor.

Down there Jim Callaghan is a man who had the chance to serve them, and muffed it. On their reckoning he is a spent force. The question of his successor doesn't matter all that much because none of the contenders offers credible assurance either about their future job prospects or the standard of living they are likely to enjoy. Which for them is item number one on the agenda.

Not that this leaves them *happy* with Maggie. She is still an unknown quantity and only a hope. It could be different the day she offers them something sweeter than the hard slog with nothing much at the end of it. They are not in politics to make sacrifices. Their final concern is what's in it for them. So far *Mrs. Thatcher* isn't offering much in their eyes.

Even their election support for her "union-bashing" efforts has waned a little since that bleak "winter of discontent," and they have a growing suspicion that the message they meant to convey on that issue has been, and will be, taken further than intended. Just as the onslaught on public spending isn't at all turning out as they *envisaged, or believed they* were promised.

If the leadership of the Labour Party becomes important to them this year or next, it will be because she has "let them down" and driven them back whence they came. As like as not throwing them straight into Tony Benn's arms. She may leave them with no other thoughts in their minds than revenge on the Tory Party.

But if Mrs. Thatcher can put aside some of her dogmas and do more to foster here and now that powerful Macmillan slogan of ordinary folks never having had it so good as under the Tories, she can keep the shop floor interest in the leadership of the Labour Party at its present low level—and assure herself of being at No. 10 for her State Pension days.

Of course, if she thinks shop floor people don't matter a damn she won't deviate an inch from her set path. And there could be a sad outcome for the country. But nobody should then blame Benn.

F. Whitehouse.
135 Ecclesfield Road,
Chapeltown, Sheffield.

Today's Events

GENERAL

UK: Lord Soames, Lord President of the Council, speaks at Foreign Press Association lunch, London.

Mr. Michael Heseltine, Environment Secretary, speaks at London Chamber of Commerce lunch, London.

Associated Society of Locomotive Engineers and Firemen annual conference opens, Sheffield (to June 19).

Mrs. Sally Oppenheim, Consumer Affairs Minister, speaks at National Television Rental Association dinner, London.

PARLIAMENTARY BUSINESS

House of Commons: Tenants' Rights (Scotland) Bill, remaining stages. Debate on report of Committee on Community institutions.

House of Lords: Employment Bill, committee. Sea Fish Industry Bill, second reading.

Select Committees: Welsh. Subject: Employment opportunities in Wales. Witnesses: Mr. Nicholas Edwards, Welsh Secretary. Room 9, 10.30 am and 4.30 pm. Foreign Affairs, Overseas Development Sub-Committee. Subject: Development Divisions of Overseas Development Administration. Witnesses: Overseas Development Administration. Room 15, 4.45 pm.

OFFICIAL STATISTICS

UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-May). Central Government transactions (including borrowing requirement) (May). London clearing banks' monthly statement (mid-May).

COMPANY MEETINGS

Clive Discount, 1 Royal Exchange Avenue, EC, 12. P. and W. Maclellan, Merchants House Hall, 7 West George Street, Glasgow, 12. Newcastle and Gateshead Water, 10 Allendale Road, Newcastle upon Tyne, 12.30. Office and Electronic Machines, Winchester House, 77 London Wall, EC, 12. Tilbury Contracting, St. Ermins Hotel, Caxton Street, Westminster, 11.30. United Newspapers, 23-27, Tudor Street, EC, 12.

A B Foods jumps 25% to £99m: sales top £2bn

A good performance by retail companies, renewed growth in operations abroad and the small but positive contribution from the bakery division bave combined to giva the **Associated British Foods Group**, growth both in sales and earnings for tha year ended March 29, 1980.

Pre-tax profits up at £98.7m show an increase of £19.8m or 25 per cent and are after taking into account the adverse effect of £1.4m dne to diffarences in exchange rates. Sales want ahead from £1.82bu to £2.15bn.

World wide sales are after a reduction of £30m in currency realignment. UK sales increased by 17 per cent wbile overseas rose by 25 per cent in terms of local currency.

Stated earnings per sbare are 16.95p against 14.03p. A second interim dividend of 2.3p lifts the year's total to 3.4p—last Jnly, the board had expected to pay a total of not less than tha 2.9p of 1978-79, wblch in that year included a special payment of 0.3114p.

Mr. Garry Weston, chairman, says that once again the figures demonstrate the broad level of activities and strength across a wide segment of the food industry, and tha results of the continued policy of beavy investment.

Despite bigb interest rates prevailing in the second half of the year, the increasa in interest charges for the group have been kapt to a low figure—£13.4m against £12.5m—and reflects the group's very strong cash flow in the UK during the period and ability to keep borrowings to a low level, the chairman says.

The effects of a lessening in industrial unrest in this country was in part responsible for the good improvement in the results of the UK manufacturing divisions, enabling these to achieve record trading profits of £47.8m, an increase of 32 per cent on the previous year.

In addition to the profit recovery in the bakary division, the majority of the otber manufacturing companies improved their performance. Sales through retailing divisions increased by 25 per cent to £657m, while trading profits rose some 40 per cent to £15.8m.

Trading profits of the overseas companies increased by £4.8m to £48.8m, the majority of this increased contribution coming from Premier Milling Company.

Once again a beavy investment programme in renewing fixed assets has been maintained and capital expenditure totalled £99m (£90m).

	Year 1979-80 £000	1978-79 £000
Sales	2,145,895	1,822,488
Trading surplus	147,242	122,476
Depreciation	35,140	31,052
Interest payable	13,407	12,526
Profits before tax	98,695	78,898
UK tax	15,298	3,985
Overseas tax	13,529	11,813
Net profit	69,868	58,094
Minorities	9,063	7,889
Extraord. credit	5,336	4,172
Available	66,141	54,377
Pref. dividends	40	40
Ordinary dividends	13,351	9,310
Retained	52,790	45,067

Lex, Back Page

HIGHLIGHTS

Associated British Foods has produced the anticipated improvement for 1979-80 with pre-tax profits rising by 25 per cent to £98.7m. Lex comments on the figures, then moves on to the latest trends in wholesale prices and sets the acene for today's banking figures ahead of which money market interest rates hava been easing. On the inside pages there are some poor results from **Caffyns**, **Pawson's** results come in for comment and there is the latest news of developments in the **Ewer/Cowie** saga.

Laird's cash position shows improvement

AS A result of the closure of The Patent Shaft Steel Works aarly in 1980 and the receipt of nationalisation compensation, the cash position of the Laird Group bad already improved, Sir Ian Morrow, the chairman, told the annual meeting.

In these circumstances, tbe group was actively looking at further measures to broaden its base as well as devalop its existing activities, be said.

Group stockholders' funds were expected to recover this year from the setback in 1979 which followed from the decision to close Patent Shaft. Tbe Board estimated that by the year-end, cash would bave been released from Patent Shaft's net current assets, although the sale of its fixed assets would take longer.

The two electric arc furnaces, tbe plate, section and billet mills would have to be marketed internationally and bad already attracted enquiries, Sir Ian stated. There was also tbe site, consisting of 127 acres in Wednesbury in tha Midlands.

The chairman reported that the balance of £1.65m was received on Friday in respect of tha agreed nationalisation compensation of £3.75m for Scottish Aviation.

Negotiations were continuing for the 50 per cent ahareholding in Cammell Laird Shipbuildars and it was boped that some further progress would be made by the end of the year.

Group pre-tax profits last year slipped from £11.12m to £10.73m, on increased turnover of £207.05m (£150.98m). However, despite the difficulties created by the national road haulage and engineering dispntes, profits outside steel rose significantly from £9m to under £13m.

This improvement was based on transport engineering and the specialist engineering products which the group had developed. The new service industries division also made major progress, particularly in airfreight and aircraft catering.

Albert Martin indicates loss in first half year

PRESENT indications were that results of **Albert Martin Holdings**, clothing maker, would show a loss for the first six months of the current year, Mr. C. R. Martin, chairman, told the annual meeting.

The disappointing turnover experienced in the first quarter of 1980 was continuing and in commnn with other clothing manufacturers and distributors, tha group was suffering from poor retail demand.

As a consequence of this and the strength of sterling, the group was experiencing difficulty in achieving adequate selling prices and in developing profitably full utilisation of its enlarged production capacity, the chairman said.

These factors were having a detrimental effect on margins. The high level of interest rates was also an adverse factor.

It was too early to make any meaningful forecast for the year but the Board was continuing to pursue tight control over cash resources and to minimise all costs while maximising production against an improving order position, Mr. Martin added.

Pre-tax profits in 1979 amounted to £921,791 against £1.25m following the downturn to £450,000 (£524,000) in the first six months. The shares yesterday fell 11p to 38p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AB Foods ....2nd int.	2.3	Sept. 1	1.7	3.4‡	2.9§
Blyvooruitzicht G.M.	185¶	Aug. 1	65	285	105
N. Brown Invest.	2.5	—	1.68	3.33	2.51
Caffyns	4.6	July 31	4.6	6.8	6.8
Clyde Blowers ....int.	0.83	July 25	0.83	—	4.66
Durban Rood't. Deep int.	160¶	Aug. 1	40	—	155
East Rand Prty Mns. int.	175¶	Aug. 1	10	—	100
W. L. Pawson	1.95	—	1.69	3.15	2.29

Dividends sbown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Not less than maintained total forecast. § Included special payment of 0.314p. ¶ South African cents throughout.

N. Brown advances to £1.24m in second six months—pays more

SECOND HALF pre-tax profits of **N. Brown Investments**, direct mail order business, advanced from £710,000 to £1.24m, and the figures for the year to March 1, 1980 came out at £1.67m compared with £1.01m for the previous 53 weeks. Turnover, including VAT, for the year was up from £18.55m to £23.03m.

After tax up from £157,000 to £324,000, and extraordinary losses of £62,000 (£33,000), stated earnings per 20p sbare are 10.74p against 6.78p. The final dividend is raised from 1.683p to 2.5p, making the total 3.325p against 2.508p, an increase of 32 per cent. Dividends absorb £416,000 (£269,000), leaving retained profits of £865,000.

Mr. David Alliance, the chairman, states that the current spring/summer season bas started well. He says, bowever, it would be unrealistic to anticipate profit growth continuing at the sort of rate achieved last year.

Despite the difficult trading conditions which are likely to occur generally in the UK during tha next 12 months, he feels that the base represented by last year's results allowa him to be cautiously optimistic for the future.

SPAIN

June 6	Price %	+ or −
Banco Bilbao	210	
Banco Central	238	
Banco Exterior	210	
Banco Hispano	209	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	257	
Banco Urquijo	150	
Banco Vizcaya	218	−1
Banco Zaragoza	200	
Dragados	80	
Espanola Zinc	61	
Fecsa	63.2	+0.2
Gal. Preciados	29.5	+1.3
Hidrola	67	−0.2
Iberduero	64.5	−1
Petroleos	107.5	−1.7
Petroliber	64	−1
Sogefisa	107	
Telefonica	56	
Union Elect.	64.5	+0.8

New plan from Schroder Life

A NEW flexible life contract, combining protection with savings, has been launched by the Schroder Life Gronp, a wbolly-owned subsidiary of Schroders, tha merchant banking and investment group.

Under the flexible wbole life plan, the investmeut and protection alements can be varied through the duration of the contract to meet the investors changing ueeds and demands for each element.

The plan provides for a maximum and a minimum level of cover, the bigher the cover the smaller the amount invested in units. Thus the plan can vary from a straight savings plan with minimum cover to virtually a whole life non-profit scheme.

The investor bas the option of increasing the amount of death cover in line with the Retail Price Index, the premiums beiug raised in line with this extra cover. The increase in cover can be made up to four times the original level without any further evidence of good bealth.

The plan is linked at the outset to any of tha existing range of funds—equity, fixed interest, overseas, income accumulation, mouey and the managed fund. There is a switching option between the funds, providing the value of the units accumulated is at least £500.

The minimum initial gross contribution is £15 a month or £150 a year. The plan is available for any age between 13 and 70.

Aberdeen Invs. sees growth

A further improvement in revenue is anticipated for the current year at Aberdeen Investments and Mr. Ronald Dean, the chairman, says he is very bopeful that results for tbe period will again prove satisfactory.

With the growing benefits of North Sea oil coming through the Board looks forward to the future with considerable confidence, he tells members in his annual statement.

Pre-tax revenue for the year ended March 31, 1980 rose from £91,213 to £106,566. Earnings per 25p share were up to 3.65p (2.99p) and the dividend is beiug lifted to 3.5p (2.85p) net.

Mr. Dean is to relinquish the chairmanship after the annual meeting but will remain on the Board. He is to be succeeded by Mr. Dennis Murphy.

Meeting, Aberdeen, July 1, 10.30 am.

Buckley's Brewery sees continued profit growth

Mr. W. K. Buckley, chairman of Buckley's Brewery says be is reasonably confident that this year will see a continued growth in profits although on a less impressive scale than those achieved in 1979-80.

In the year to March 29, 1980, pre-tax profits rose from £803,624 to £1.02m from turnover of £8.05m compared with £7.29m.

Mr. Buckley says in his annnal statement, inflation, effects of the steel strike and increasingly fierce competition are factors that will affect profitability this year. The volume of sales so far this year reflects the impact of these three factors.

The conversion of the boilers to natural gas shows a considerable saving in energy while the available storage area and the number of tanks have been increased in the kegging department, the chairman says.

The increase gives added capacity for the group's own prodncts and prepares tha way for the kegging of Kaltenberg, a newly-marketed lager.

CCA profits in 1979-80 are reduced to £823,859 after adjustments for cost of sales, £55,545, monetary working capital, £3,573, depreciation, £130,662 aud gearing, £6,575.

Barget cuts midway loss

ALTHOUGH SALES at furniture manufacturer, Barget were well down at £1.18m, compared with £2.58m, the loss for the half year to March 31, 1980, was reduced from £178,491 to £129,701. This was in line with tbe figure of around £125,000 indicated in April with tbe annual report. There is again no tax.

In commou with most of tbe furniture iudustry, the company's trading results have beeu adversely affected by depressed sales and higher costs and the board says that iu the present climate, this trend is likely to continue for the rest of the current period.

The board believe that substantial trading benefits will flow from the association with the company's new controlling shareholder, Tinnox, bot these are unlikely to affect results materially this year.

Loss for the previous full year reached £845,000 (£252,000).

The last dividend payment was 0.9p uet per share in respect of the 1975-76 year.

Jenkin & Purser back after seven years of suspension

BY ALAN FRIEDMAN

DEALINGS began yesterday under Rule 163 (2a) in shares of Jenkin and Purser, a tiny financial services company whosa sbares had been suspended since April 1973. It bas been a long wait for loyal shareholders since the "temporary suspension" seven years ago when the group announced "major transactions on favourable terms which will be of benefit to the company in both the short and long term" were pending.

The shares were suspended at 37½p, giving Jenkin and Purser a 1973 market capitalisation of £1.5m. But when trading started yesterday morning, the 5p ordinary shares opened at 3p and closed at 5p, giving the company a 1980 market capitalisation of £207,267 on ordinary traded sbares (£541,257 inclnding an extra 11.1m non-traded 3p ordinary shares).

The 5p sbare price was quite a premium since the long and dark days of the 1970s suspension when forlorn shareholders exchanged small numbers of shares for as little as ½p and uot mucb more more than a penny. Mr. Ted Pryor, a stockbroker who belped to breathe life into the company and is uow on its board, says tbat the net asset value per share is about 1p.

Jenkin and Purser was once an ailing motorcycle dealer, but by the early 1970s it has beeu turned into a financial group under the guidance of barrister-chairmau Mr. Anthouy Towner. Subsequeut to the freezing of the shares in April 1973, Mr. Towner sold out his stake in the group and left the Board.

The secondary banking crisis caught Jenkin and Purser off guard and it went into loss throughout the mid-1970s. In December 1977, with only one director left on the Board, Messrs, Ted Pryor and Ron Brickley agreed to take over management reponsibilities and became directors.

Says Mr. Pryor: "I reckoned that this was a good situation for us to revive from the dead, so we got going."

By August 1978, Mr. Brickley as chairman bad arranged for a casb injection of £15,000 for some 500,000 3p ordinary shares issued at par to the private Harthouse Investments. Harthouse also received a bonus of 10.6m further 3p shares for free, giving it a total of 11.1m shares. Harthouse was designated "ultimate bolding company" and work progressed on getting the business restarted.

Mr. Pryor explains: "As we carried out our investigation, it became apparent that the company was in a pretty powerless state."

Turnover for the year to July 1978 was £471. In the year to July 1979 this figure came to £24,000 and pre-tax profits were £13,571. This year, the company may earn around £25,000 pre-tax ou a significantly higher turnover.

Jenkin and Purser now specialises in HP for the "top end of the motor market" and also provides factoring and banking services to its customers as well as broad financial consulting services.

Mr. Pryor says he is pleased with the opening day's performance and expects the company to expand its business. Trading among the company's 1,400 shareholders yesterday was reported to bave been light.

British Tanners products wound up

British Tanners Products, which has been in receivership since last July, was compulsorily wound up in the High Court yesterday.

The winding-up order was made by Mr. Justice Vinelott on an unopposed petition by the National Enterprise Board, claiming £2,908,167. The petition was supported by BOC, creditors for £22,680. BTP was uot represented.

BTP was set up in 1977 by the Barrow Hepburn Group and the NEB to rationalise Barrow's loss-making tanning division. The NEB injected £4.5m into the company, in which it took a half interest.

After BTP collapsed last year the company was broken up and the bits sold off to a range of buyers, one being S. and W. Berisford, the commodity trader and merchant, which bought a tannery operation at Hull. BTP's chemical division was sold to British Tar Products.

One of BTP's secured creditors was the Department of Industry, which lent the company £1.9m, of which £1.5m was still outstanding when the receivers were called in.

Pawson reaches £906,000 and steps up dividend

RECORD pre-tax profits of £906,047 are reported by W. L. Pawson and Son, the Leeds clothing and retail group, for the year to March 1, 1980. In the previous 63-week accounting period, pre-tax profits were £447,550. In the first 26 weeks, profits were £310,618 comparad with £142,259 for 36 weeks.

The pre-tax figure was struck after depreciation up from £130,537 to £423,912 and interest considerably higher at £899,078 compared with £183,095.

Tax charged increased from £65,161 to £173,450. After extraordinary debits of £616,823 (£85,395), net profits came out at £115,774 (£296,994).

The company reports a surplus arising from valuation of property of £539,759 (£203,034).

The final dividend of 1.95p (1.6914p) brings the total net payment to 3.15p per 5p share, equivalent to 4.5p gross, as indicated last July at the time that Pawson acquired Silhouette. This represents an increase of 37 per cent over the previous year.

Shareholders' funds increased during the year from £2.61m (42.3p per share) to £6.2m (£54.7p).

Turnover was up from £5.96m in the 63-week period to March 3, 1979 to £20.05m in the year to March 1, 1980. Results and turnover of Silhouette are inclnded for only the six months since acquisition.

Mr. S. J. Wootliff, the chairman, says that despite a depressed textile industry, the Board believes that the group will continue to grow, both organically and through acquisitions, in the current year.

● **comment**

It takes an unusual company to treble operating profits and balve attributable earnings in the same year, yet this is the distinctive accomplishment of Pawson. The Cheshire Cat styla disappearance of profits is attributable in part to a technicality a change in the depreciation policy applied to the recently acquired Silhonette. Mostly, bowever, it arises from tha high cost of borrowing, which has driven interest charges sky-high and forced extensive closures, mostly at Silhouette. Gearing at Pawson is now around 100 per cent, a seasonal peak, following a bewildering string of acquisitions. Even a run down in stocks is unlikely to restore borrowings to respectable proportions, yet the group is still considering further acquisitions—if assets can be bought at a discount. There is plenty of recovery potential in some of the new divisions but digestion problems are likely to persist and interest charges will remain at alarming levels. The market has accordingly adopted a cautious stance with the shares, at 41p, offering a multiple of 4.7 times stated earnings (before extraordinary items). The dividend cover is respectable and the yield is 11.5 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims — Archimedes Investment Trust, Bankers' Investment Trust, East Driefontein Gold Mining, Elson and Robbins, Grand Metropolitan.

Finals — Aero Needles, Allied Breweries, Doornfontein Gold Mining, Highgate Optical and Industrial, International Timber, Kloof Gold Mining, Libanon Gold Mining, Ocean Wilsons, J. W. Spear, Sumrie Clothes, Ventersport Gold Mining, West Driefontein Gold Mining.

FUTURE DATES

Interims—

Bluemel Bros.	June 20
Imperial Group	July 10
Sidlaw Industries	June 13

Finals—

Alliance Investment	June 18
Brown Shipley	June 19
Cohen (A.)	June 12
Dwek Group	June 12
E.R.F.	June 18
Paule and Whitoo	June 19
Scepa	June 27
Woodhead (Jonas)	June 18

Hill Samuel bonus rate unchanged

An unchanged reversionary bonus rate of £4 per cent of the sum assurad and attaching bonuses bas been declared by Hill Samuel Life Assurance for the year ended March 31, 1980. This rate applies to all with profit whole life and endowment assurance contracts, including tha flexible endowment, the low cost endowment and the company's new Minimum Cost Whole Life Plan.

This latest life assurance contract from Hill Samuel Life, offers investors the opportunity of providing a bigh level of life cover at low cost with the opportunity for increasing returna over the later life of the contract. It consists of a combination of a with profits whola life assurance with a decreasing term assurance to age 75.

ICI Australia earnings 36% higher at interim stage

NET PROFITS of ICI Australia climbed by 36 per cent from A$21.64m to $29.51m for the half year ended March 31, 1980, on sales up some 31 per cent at $581.73m. The major contributors to the increased result came from the heavy chemicals, plastics and rural chemicals activities, although all sectors of the business made an improvement.

On capital increased by a one-for-three scrip issue, the interim dividend is six cents per share, equivalent to eight cents on old capital. This compares with seven cents last year, which was followed by a final of 11 cents.

Profits were struck after a lift in depreciation of more than 50 per cent from $14.87m to $22.52m, resulting from last October's $128m revaluation of fixed assets to allow for tha effects of inflation on replacement costs.

Interest charges rose from $7.95m to $11.14m, reflecting the group's large expansion programme. It plans to spend at least $1bn over the next few years with a $400m expansion of its Sydney chemicals complex and a new $500m chemicals complex in Victoria.

Tax increased from $13.49m to $17.56m despite a jump in the investment allowance from $0.9m to $6.29m. Minorities took $3.14m ($2.82m) and extraordinary profits were $184,000 ($208,000). Earnings per sbare, on the increased capital, improved from 15.5 cents to 15.9 cents.

Demand for most plastics, heavy chemicals and rural chemicals increased, but commercial explosives sales were affected by industrial unrest in the Queensland and Western Australian mining areas and by cyclones in Western Australia.

Paint demand in the period was mixed but overall Dulux Australia sales and profits outstripped those of last time.

The fibremakers division continued to make profits despite some recent hesitancy in market demand for synthetic fibres. The directors say imminent Australian Government decisions on long-term support for the textile, clothing and footwear industries will be of great importance to this division.

The New Zealand division maintained its higher sales and profits levels, but the recent New Zealand Government decision to withdraw support for synthetic fibre manufacturers will have a serious impact.

The closure of ICI New Zealand's yarn processing division in Wellington has already been announced and the directors say the full effect of tha decision cannot yet be estimated.

First international fund from Royal Bank of Canada

The Royal Bank of Canada, the largest bank in Canada, has launched the first of what it expects will be a series of offshore funds for international investors. The new fund, RBC International Income Fund, is incorporated in Guernsey, Channel Islands and application for a listing of the shares has been made to the London Stock Exchange.

The launch brings together RBC Investment Managers, a subsidiary of The Royal Bank of Canada, and UK stockbrokers Kitcat and Aitken who will be providing investment advice. Kitcat are brokers to the new company. Kitcat also manages the unit trusts Bishopsgate Progressive, North American and Bishopsgate International.

The new fund, whose shares are denominated in $U.S., is designed to appeal to international investors. Its aim is to achieve a high income by investing without restriction on an international basis, though initially the managers expect at least 75 per cent of the proceeds to be invested in UK Government stock.

The managers say they are aiming to cash in on what they see as a pool of international money looking for sound money management. Given the reduction in income tax levels, particularly in the UK, there is, they feel, a place for high yielding securities in many people's portfolios.

Although the fund will initially concentrate on bonds, "circumstances may in the future dictate a policy where income requirements can more satisfactorily be met through investment in preference sbares or equities."

Mr. Nils Taube, senior partner of Kitcat and Aitken, said that the fund's managers would be trying to insulate investors against movements in currencies. "Interest rates and currencies are now inseparable," he said. "As a result we will be taking advantage of the forward facilities of the foreign exchange marekts. Our initial boldings of British gilts will, for example, be covered against the currency risk."

The initial yield of the fund has been set at 10 per cent and while the prime objective of the fund is to produce a growing income "long term appreciation of capital values will also have to be achieved to meet the prime objective."

Royal Bank said it planned to launch other funds, notably a North American fund and an international Equity Fund, later in the year.

The initial subscription price for the international income fund will be $10.10 per share, which includes a 1 per cent intial charge. After the initial offer has colsed, however, this will rise on a graduated basis up to a maximum of 5 per cent for subscriptions of under $25,000. The annual management fee is 1 per cent and the minimum subscription $2,020 or £1,000.

Although it is not normal practice, a number of offshore funds are already quoted on the London Stock Exchange. Mr. Taube explained that counsel had suggested that a quote was necessary for the fund to be offered to UK clients. The quote, he added, also gave the Royal Bank certain advantages in marketing overseas.

LMI-WINN

London and Midland Industrials states that the meetings of the holders of the 7½ per cent debenture stock 1985-90 and the 8½ per cent debenture stock 1989-94 of Winn Industries approved the exchange of these stocks for equal nominal amounts of a new 8½ per cent debenture stock 1989-94 of LMI. New certificates will be sent out in due course.

Second-half dive leaves Caffyns £0.31m lower

SECOND-HALF profits of Caffyns, automobile agent and engineer, dived from £379,829 to £60,194, leaving the pre-tax surplus for the year to March 31, 1980, well down at £603,832, against £911,466.

The full-year figure was struck after sbarply higher interest and display charges of £1.01m (£442,338). The directors had warned at midway, when profits were marginally ahead at £543,638 (£531,637), that the second balf would be difficult with interest rates at the highest level the company bad ever experienced.

Turnover improved from £46.04m to £51.87m for the year.

The net total dividend is maintained at 6.8p, with an unchanged final of 4.6p Tax took £62,566 (£142,969), and the atributable balance came through at £725,602 (£913,850), after extraordinary credits of £184,336, compared with £145,353.

● **comment**

BL distributor Caffyns maintained its sales in the second balf but interest cbarges soared and profit all but disappeared. Although at their 1980 low of 123p, the shares trade at 8.1 times earnings of 14.5p. The market seems little interested in the assets whose value bas probably increased slightly from the 288p a share in the books last year and mnch more in reality. Trading in the first half of the current year is still deteriorating but the group plans to reduce its £3.5m overdraft through further property sales and stock reductions. The yield is 8.2 per cent.

Torday slightly ahead

PRE-TAX PROFITS of Torday, electroplater, ahowed a modest improvement from £806,000 to £832,000 in the year to December 31, 1979.

Mr. J. Torday, the chairman, says it was an unevan year for the group. The first half saw all round progress, but in the second balf it experienced technical problems, cost increases due to inflation and a reduction in the sterling equivalent from overseas operations following the strengthening of tha pound.

Turnover of wholly-owned subsidiaries increased by 17.5 per cent to £4.71m.

After a tax credit of £73,000 (£210,000 charge), stated earnings per 10p share of this unquoted company improved from 38.3p to 58.8p, and the final dividend of 6p raises the total from 10p to 10.6p. Shares are traded on The Over-the-Counter market.

The bursting disc division had a year of continued growth, says the chairman, and a great deal of effort was expended on new product development, including the strengthening of its graphite disc activities. The group is now manufacturing explosion panels.

Worldwide activities in marine engineering bave grown significantly in volume without a growth in profits due to adverse currency effects.

The electroplating activities bave further benefited from reorganisation and modernisation and yielded appreciably better results, he says. Although demand for coppar foil bas been strong, the results were adversely affected by mannfacturing problems in the second half of the year, caused by stretching its production facilities ahead of the planned extension.

Construction of the new extension of production facilities has begun and should be partly on stream towards the end of 1980.

Looking ahead, the chairman says the company will continue to use every opportunity to improve its performance by increased sales penetration, new or improved products and better service to its customers.

Secured bank borrowings were up from £14,945 to £185,854.

JEAN SORELLE

Jean Sorelle, a member of the Dunbee-Combex-Marx Group in receivership, is returning to five-day working this week. Mr. Ralph Stevens, managing director, said this followed a substantial display of confidence and placing of orders by major customers.

Sharp profits rise for Metal Box Singapore

Metal Box Singapore, an associate of Metal Box of UK, raised pre-tax profits by 59 per cent in the year to March 31, 1980, to S$11.1m, while the after-tax figure almost doubled, to S$7.8m.

The company attributes the better performance to higher turnover, which rose 29 per cent to S$106.3m and technological changes in its Singapore operations.

The tax charge increased by the relatively low figure of 10 per cent to S$3.3m, reflecting tha granting of an investment allowance certificate in respect of its two-piece can project.

The group is carrying out a major expansion and upgrading of its technology in Singapore. It is setting up new plant for the production of two-piece cans which will eventually replace the production of three-piece cans. The new plant, however, bas not yet gone on stream.

With the improved performance, Metal Box is to increase the final gross dividend from 14 per cent to 16 per cent making a total of 22 per cent (20 per cent) for the year.

This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange in London for the purpose of giving information with regard to RBC International Income Fund Limited ("the Fund"). The Directors of the Fund have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. All the Directors of the Fund accept responsibility accordingly.
Application will be made to the Council of The Stock Exchange in London for all the Participating Redeemable Preference Shares of $0·01 each of the Fund ("Participating Shares") now being offered to be admitted to the Official List.
A copy of this prospectus, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies in London for registration pursuant to the Companies Act, 1948.

RBC INTERNATIONAL INCOME FUND LIMITED

(A company limited by shares incorporated in Guernsey, Channel Islands under the Companies (Guernsey) Laws, 1908 to 1973)

OFFER FOR SUBSCRIPTION

of up to 10,000,000 Participating Shares at U.S. $10.10 per Share

The subscription lists for the shares now being offered will open at 10.00 a.m. on 16th June, 1980 and will close on 20th June, 1980.

IMPORTANT

The consent of the Advisory and Finance Committee of the States of Guernsey has been obtained to the issue of Participating Shares of U.S. $0·01 each in the Fund. It must be distinctly understood that in giving this consent the Committee does not take any responsibility for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

This document is issued solely for the purposes of the initial offer for subscription of up to 10,000,000 Participating Shares. Copies of any later prospectus will be available from the Managers and the brokers. No dealer, salesman or other person is authorised to give any information or to make any representations other than those contained in this prospectus and, if given or made, such information or representations may not be relied upon as having been authorised by the Fund, its Directors or the Managers. This prospectus does not constitute an offer or solicitation to anyone in any jurisdiction outside the United Kingdom in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular Participating Shares and Bearer Depositary Receipts ("BDRs") are not offered to and will not be issued to any citizen or resident of the United States of America or any resident of Canada.

In this Prospectus "dollars" and "$" mean United States dollars.

COPIES OF THIS PROSPECTUS AND THE APPLICATION FORM MAY BE OBTAINED FROM:—

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The Royal Bank of Canada (London) Limited,
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6 Lothbury, London, EC2R 7JY.

The Royal Bank of Canada,
2 Cockspur Street, London, SW1Y 5BQ.

Kitcat & Aitken,
9 Bishopsgate, London, EC2N 3AD.

RBC INTERNATIONAL INCOME FUND LIMITED

DIRECTORS

ROBERT COWANS PATERSON (Canadian), *Chairman*
627 Belmont Avenue, Westmount, Montreal (*Executive Vice President and General Manager, Finance and Investments, The Royal Bank of Canada*)

TIMOTHY JOHN BETLEY (British),
Mon Plaisir Lodge, Rohais, St. Peter Port, Guernsey (*Managing Director, The Royal Bank of Canada (Channel Islands) Limited*)

PETER WILLY LOUIS BRAUNS (German),
56 Hans-Sachs-Strasse, 4000 Dusseldorf, West Germany (*Managing Director, Burgardt + Nottebohm Bank AG, Frankfurt, West Germany*)

ALEXANDER DE TAKACSY (Canadian),
37 Avenue D'Iena, 75116 Paris, France (*Vice-President and General Manager, Europe, The Royal Bank of Canada*)

BRIAN GEORGE PEARMAIN (British),
The Beach House, Green Island, St. Clement, Jersey (*Advocate of the Royal Court of Jersey, Director, The Royal Bank of Canada (Channel Islands) Limited*)

MANAGERS, SECRETARIES & REGISTRARS
RBC Investment Managers Limited, P.O. Box 246, Ann's Place, St. Peter Port, Guernsey, Channel Islands.

REGISTERED OFFICE
P.O. Box 246, Ann's Place, St. Peter Port, Guernsey, Channel Islands.

BANKERS & DEPOSITARY
The Royal Bank of Canada (Channel Islands) Limited, P.O. Box 48, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

AUDITORS
Coopers & Lybrand, *Chartered Accountants*, Abacus Chambers, Smith Street, St. Peter Port, Guernsey, Channel Islands.

INVESTMENT ADVISERS AND STOCKBROKERS
Kitcat & Aitken, 9 Bishopsgate, London EC2N 3AD.

LEGAL ADVISERS
In Guernsey: Carey, Langlois & Co., P.O. Box 98, 7 New Street, St. Peter Port, Guernsey, Channel Islands.
In England: Allen & Overy, 9 Cheapside, London EC2V 6AD.

INTRODUCTION

The Fund is an open-ended investment company incorporated in Guernsey, Channel Islands, with limited liability on 22nd May, 1980. Up to 10,000,000 Participating Shares are being offered for subscription at $10·10 per share. The Fund is aware that investors introduced by the Royal Bank of Canada Group or by Kitcat & Aitken intend to subscribe for not less than 300,000 Participating Shares. The capital structure of the Fund allows it to issue and redeem Participating Shares at prices based on the underlying net asset value of the Fund and it is thus intended to operate in a similar way to a mutual fund or unit trust.

Participating Shares will be freely transferable and will be redeemable by the Fund on the basis of its net asset value on regular subscription days, usually once a week. The redemption value of Participating Shares is determined by reference to the value of the Fund's investments and will therefore be subject to market fluctuations. Participating Shares are denominated in dollars and are represented by registered certificates, but arrangements have been made for the issue of Bearer Depositary Receipts as described below under "Bearer Depositary Receipts".

The primary objective of the Fund is to offer investors an opportunity to achieve a high income denominated in dollars through the investment of its capital in an international portfolio of securities. The abolition of United Kingdom exchange controls has given United Kingdom investors free access to foreign markets; the Fund provides a vehicle for such investment free from the complexities of investing directly in overseas markets.

The Fund is sponsored by The Royal Bank of Canada (Channel Islands) Limited ("the Bank") which was incorporated in Guernsey in 1973 and carries on a full banking and trust service for international and domestic clients. It is a wholly-owned subsidiary of The Royal Bank of Canada, whose Head Office is in Montreal, Canada. The Royal Bank of Canada is the largest bank in Canada and has assets of over Cdn $51,000 million; it is also represented in over 40 other countries. Guernsey has been chosen as the location for the Fund because of the favourable tax structure there and the Island's long history of political and social stability.

INVESTMENT POLICY

The Fund's objective is to achieve a high income for investors by investing without restriction in bonds, stocks, preference shares, equities and money instruments on an international basis. The protection of capital values by appropriate currency selection will be an important part of this policy. Investments carrying an income subject to low or nil rates of withholding tax will be preferred. In the present circumstances of historically high yields from international bonds, it is intended to invest the greater proportion of the Fund's assets in this class of security, but circumstances may in the future dictate a policy where income requirements can more satisfactorily be met through investment in preference shares or equities.

Whilst the prime objective is that of producing a growing income payable in United States dollars, the value of the Fund's investments will fluctuate and this will affect the value of the Participating Shares. However, in the long term appreciation of capital values will also have to be achieved in order to meet the prime objective. This will involve an initial sacrifice of some immediate income to gain a measure of protection from inflation but it is intended that, subject to unforeseen circumstances, the income distribution in respect of the first twelve months would be in the order of 10 per cent. of the initial subscription price.

DIVIDENDS

The Fund intends to distribute half-yearly by way of dividend substantially all the income it receives after payment of its management and other expenses. The Fund will not distribute capital profits by way of dividend. Dividends will be paid in dollars, or, at the election of individual shareholders, in sterling converted from dollars at the rate quoted by the Bank for the purchase of sterling with dollars on the relevant payment date.

Dividends may be taken in cash or reinvested by shareholders in further Participating Shares. Shareholders may at any time elect for the income from their Participating Shares to be reinvested in further shares on the subscription day next following the date on which the relevant dividend is payable. For administrative convenience, shares so allotted will be registered in the name of the Managers as nominee for the shareholder. Only whole shares will be issued and any fractional amounts will be carried forward and added to the next dividend and reinvested similarly. Following the reinvestment of income shareholders will be advised of the number of shares acquired and held on their behalf by the Managers together with the amount of any cash balance carried forward.

Payment of dividends to holders of BDRs (see below) will be made against presentation of the relevant coupon to the Bank in Guernsey or to paying agents appointed by the Bank. BDR holders will not be entitled to have dividends reinvested in further shares as described above.

MANAGEMENT AND ADMINISTRATION

Directors

Mr. R. C. Paterson, aged 52, is the Chairman of the Fund. He is the Executive Vice President and General Manager, Finance and Investments, of The Royal Bank of Canada at its head office in Montreal. In addition, he is President of Roymor Mortgage Corporation.

Mr. T. J. Betley, aged 44, has been Managing Director of the Bank since 1973. He was previously concerned with investment and mutual fund management with Trust Corporation of Bahamas Limited, Nassau.

Mr. P. W. L. Brauns, aged 50, is the Managing Director of Burgardt + Nottebohm Bank AG, Frankfurt. He is also a Director of Universal Investment Gmbh, Frankfurt and a member of the advisory boards of Union Investment Gmbh and Victoria and Vorsorge Versicherung.

Mr. A. de Takacsy, aged 50, is Vice President and General Manager, Continental Europe, of The Royal Bank of Canada and President of the supervisory board of The Royal Bank of Canada, France. In addition, he is Chairman of the supervisory board of Burgardt + Nottebohm Bank AG and a Director of Banque Belge Pour L'Industrie, Brussels.

Mr. B. G. Pearmain, aged 32, is an Advocate of the Royal Court of Jersey and a partner in Bedell & Cristin, Jersey. He is also a Director of the Bank.

Managers

RBC Investment Managers Limited which has recently been incorporated in Guernsey is a wholly-owned subsidiary of the Bank. The Fund has appointed the Managers, under the terms of a Management Agreement dated 5th June, 1980 and subject to the overall supervision of the Directors of the Fund, to administer the Fund's affairs including the investment and valuation of the Fund's assets and the issue and redemption of the Fund's shares. They will also provide the necessary secretarial services for managing the Fund's affairs and will act as transfer agents.

The Directors of the Managers are Mr. R. C. Paterson, Mr. T. J. Betley, and Mr. B. G. Pearmain (who are also Directors of the Fund), Mr. N. O. Taube and Mr. J. J. Morris. Mr. Taube, aged 51, is Senior Partner of Kitcat & Aitken and is a Director of a number of quoted United Kingdom investment trust companies. Mr. Morris, aged 39, has been concerned with the management and administration of unit trusts since 1965. He was an Executive Director of Bishopsgate Progressive Unit Trust Management Company Limited until his appointment as Managing Director of the Managers last February.

Investment Advisers

Kitcat & Aitken, a leading firm of London Stockbrokers, have been appointed investment advisers to the Managers. They have undertaken to keep the Fund's investments under regular review and to provide the Managers with advice on the investment and general deployment of the Fund's assets. Their remuneration as investment advisers will be paid by the Managers. Kitcat & Aitken will not make any charge to the Fund for the provision of investment advice but will act as principal brokers to the Fund and they will receive normal commissions in connection therewith from the Fund.

Kitcat & Aitken were founded in 1900 and have considerable experience in managing private portfolios and in advising institutional investors investing in a wide range of international markets. They are recognised as being particularly knowledgeable in North American investments. Kitcat & Aitken own and advise Bishopsgate Progressive Unit Trust Management Company Limited, which manages two United Kingdom authorised unit trusts. They also act as investment advisers to a Bermudian based unit trust.

Fees and Charges

Charges payable by Subscribers

The subscription price of $10·10 for each Participating Share under this initial offer for subscription is inclusive of an initial fee of 10 cents per Participating Share payable to the Managers. From this initial fee the Managers may pay commissions to recognised agents of up to 10 cents per Participating Share.

On the subscription of Participating Shares after the subscription lists for this initial offer have closed, an initial charge may be made by the Managers in addition to the subscription price. The amount of the initial charge will be a percentage of the amount subscribed as follows: 5 per cent. of the first $25,000, 4 per cent. of the next $25,000, 2½ per cent. of the next $100,000 and 1 per cent. of any excess. From this initial charge the Managers may pay to recognised agents a commission of up to 2 per cent. of the subscription price.

The fees payable to the Bank by subscribers who elect to receive BDRs are set out below.

Management and Administration Charges payable by the Fund

The Managers will receive from the Fund a monthly fee of 1/12th of one per cent. of the value of the net assets of the Fund as calculated for the purpose of determining the subscription price. The Fund is responsible for all normal operating expenses, including audit fees, registration fees, brokerage, stamp and other duties and charges incurred on the acquisition and realisation of investments. In addition, the formation expenses of the Fund and the expenses relating to this initial issue of Participating Shares will be paid by the Fund and will be amortised over a period of five years from the date of the closing of this offer.

ISSUE AND REDEMPTION OF PARTICIPATING SHARES

Issue

The procedure for application for the initial issue of Participating Shares is set out below under "Applications".

After the closing of this initial offer, Participating Shares may be issued at the appropriate subscription price plus the initial charge payable to the Managers on each subscription day (normally every Wednesday). The subscription price is calculated by reference to the net asset value of the Fund on the subscription day as described under Further Information, paragraph 3(i).

Redemption

On each subscription day Participating Shares may be redeemed at the current redemption price. This is calculated by reference to the net asset value of the Fund on such subscription day as described in under Further Information, paragraph 3(ii).

In order to redeem all or part of his holding of Participating Shares, a shareholder must notify the Managers not later than 12 noon on the business day prior to the relevant subscription day. Any application received after that time will be held over and dealt with on the next subscription day. Unless otherwise directed by the Managers, notice is given by delivery of the share certificate(s), duly endorsed, to the Managers together with a request in writing or by telex. Unless the number of Participating Shares is specified, a redemption request will be taken to apply to all the Participating Shares held or represented by the certificate(s) received.

Redemption proceeds will be despatched by the Managers within fourteen business days of the relevant subscription day, provided that duly endorsed certificates are received, and will be sent by mail at the shareholder's risk by cheque drawn in dollars or, at the shareholder's request and expense, by other means.

Redemptions of Participating Shares may also take place or be suspended in the circumstances mentioned under Further Information, paragraphs 4 and 5.

Subscription and redemption prices will be published daily in the "Financial Times" and will also be available from the Managers on request.

Equalisation and accrued income payments

To avoid fluctuations in the Fund's net undistributed income as a result of the issue or redemption of Participating Shares at different times the subscription and redemption prices of Participating Shares will include equalisation amounts equivalent to the amount of income attributable to each Participating Share in issue or deemed to be in issue on the relevant subscription day. Equalisation payments are normally either repaid to shareholders with the first dividend paid after the issue of the relevant Participating Shares or, if still outstanding on the redemption of the shares or in a liquidation, are included in the proceeds as an accrued income payment.

BEARER DEPOSITARY RECEIPTS

The Fund has arranged facilities for the issue by the Bank of BDRs against the deposit with the Bank of registered Participating Shares on the terms summarised below.

Any holder of Participating Shares (other than those resident in Guernsey) may apply for the issue of BDRs evidencing all or part of his registered shareholding. However BDRs will only be issued in denominations of one hundred corresponding to an equivalent number of Participating Shares. BDRs will be issued in bearer form, with coupons and talon attached, and will be transferable by delivery.

Subscribers who wish to apply for BDRs should apply and send their remittance for Participating Shares as described under "Applications", ticking the appropriate box on the Application Form. They will then be sent a separate BDR Application Form for completion and return to the Managers.

It is not presently envisaged that any listing on The Stock Exchange, London or any other stock exchange will be sought for the BDRs.

TAXATION

The Fund's liability to Guernsey taxation is limited to corporation tax, currently at a fixed rate of £300 per annum. The Administrator of Income Tax in Guernsey has confirmed that income of the Fund arising outside Guernsey (and bank interest arising in Guernsey) is exempt from Guernsey income tax and that dividends of the Fund may be paid free of any withholding taxes to shareholders not resident in Guernsey for Guernsey income tax purposes. No death duties, capital gains tax, gift, inheritance or capital transfer taxes are levied in Guernsey. No stamp duty is levied in Guernsey on the issue, transfer or redemption of Participating Shares or on the issue or transfer of BDRs.

Holders of Participating Shares resident in Guernsey for Guernsey income tax purposes will suffer deduction of tax on all payments of dividends and other income distributions by the Fund at the standard rate of Guernsey income tax for the time being in force.

Individuals resident in the United Kingdom for tax purposes who hold Participating Shares or BDRs will, subject to their personal circumstances, be liable to United Kingdom income tax in respect of dividends or other income distributions of the Fund. Individuals resident or ordinarily resident in the United Kingdom for tax purposes who hold Participating Shares or BDRs will normally be liable to United Kingdom capital gains tax in respect of gains arising from the disposal or redemption of Participating Shares or BDRs.

Clearance under section 464 of the Income and Corporation Taxes Act 1970 from the provisions of sections 460–467 of the Act (which provide for the cancellation of tax advantages from certain transactions in securities) has been given by the United Kingdom Board of Inland Revenue in relation to the issue and redemption of Participating Shares by the Fund, the purchase of Participating Shares from, and their sale to, the Managers and the purchase and sale of Participating Shares through The Stock Exchange, London. However, no clearance under Section 464 has been given, as regards persons resident in the United Kingdom, for the issue of BDRs.

The attention of individuals ordinarily resident in the United Kingdom is drawn to sections 478–481 of the Income and Corporation Taxes Act 1970, which may render them liable to taxation in respect of the undistributed income or profits of the Fund. It is understood that the United Kingdom Inland Revenue is considering the possible application of those sections to certain Channel Island funds the stated investment policies of which involve the minimisation of income. The Fund does not intend to pursue such a policy and, as stated above, intends to distribute substantially all its income.

The foregoing statements are based on advice received by the Fund regarding the law and practice in force in Guernsey and the United Kingdom on the date of this prospectus. Investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, redeeming or selling Participating Shares or BDRs under the laws of their country of citizenship, domicile or residence.

MEETINGS AND REPORTS

Holders of Participating Shares are entitled to attend and vote at general meetings of the Fund, which will normally be held in Guernsey.

Audited accounts of the Fund will be made up to the day preceding the first subscription day in November each year and it is expected to despatch the Annual Report and Accounts of the Fund to shareholders by the following 31st January. Interim reports will be sent to shareholders in July in each year.

TRANSFERS AND DEALINGS

It is anticipated that dealings in Participating Shares will commence on the 26th June, 1980. Participating Shares may be transferred by an instrument in writing in any common form and will be subject to registration. BDRs may be transferred by delivery.

APPLICATIONS

The initial subscription price is $10.10 for each Participating Share (inclusive of the initial fee of 10 cents payable to the Managers). Applicants for Participating Shares will be required to provide a declaration that they are not resident in Guernsey for the purposes of the Income Tax (Guernsey) Law 1975 (as amended); if this cannot be given all payments of dividends will be made under deduction of Guernsey Income Tax at the standard rate for the time being in force. Applications should be accompanied by a remittance in dollars to RBC Investment Managers Limited to cover the full subscription price. The subscription lists will open at 10 a.m. on 16th June, 1980, and will close on 20th June, 1980.

Applications should be made on the application form enclosed with this prospectus. Applications must be for a minimum of 200 Participating Shares ($2,020). Alternatively, applications may be accompanied by sterling cheques for a minimum amount of £1,000. Sterling payments will be converted into dollars at the rate quoted by the Bank for the purchase of dollars with sterling on the business day next following the closing of the subscription lists and any balance insufficient to purchase one whole Participating Share will be returned. Attention is drawn to the notes on the application form.

Acceptance of applications will be conditional upon the Participating Shares being admitted to the Official List by the Council of The Stock Exchange, London, by 20th June, 1980. Pending satisfaction of such condition subscription moneys will be held by the Bank in a separate account and if this condition is not satisfied subscription moneys will be returned.

Certificates representing the Participating Shares issued will be despatched within 28 days of allotment.

Investors (other than those resident in Guernsey) who wish to take advantage of the BDR facility should also tick the relevant section on the application form. Persons resident in the United Kingdom should note that there is no longer any need for them to obtain authorisation under the Exchange Control Act 1947 for the acquisition of foreign currency or foreign currency securities.

The right is reserved to reject any applications in whole or in part.

Summary of Terms of Bearer Depositary Receipts

BDRs will be issued pursuant to an Agreement dated 5th June, 1980 ("the Deposit Agreement") between the Fund, the Managers and the Bank. BDRs will represent Participating Shares deposited with the Bank under the Deposit Agreement ("Deposited Securities").

Copies of the Deposit Agreement are available for inspection at the office of the Bank in Guernsey. The following includes a summary of certain of the provisions of the Deposit Agreement and is qualified in its entirety by reference thereto.

Issue of the BDRs and Withdrawal of Deposited Securities

Upon the deposit with the Bank of Deposited Securities and subject to the terms of the Deposit Agreement, the Bank will execute and deliver BDRs at its office in Guernsey to the person specified by the depositor for the number of Deposited Securities so deposited.

Upon surrender to the Bank of BDRs, together with talon and all dividend coupons not previously designated for surrender attached, for the purpose of withdrawing the Deposited Securities and upon payment of the charges set out below and of any transfer charges and applicable governmental taxes, the surrendering BDR holder will be entitled to delivery at the office of the Bank in Guernsey to him or upon his order of certificates in respect of the Deposited Securities. The forwarding of certificates elsewhere is at the risk and expense of the BDR holder.

Dividends and Other Distributions

The Bank will make any cash dividend or other cash distribution received from the Fund available for distribution to the holders of BDRs upon surrender to it of such dividend coupon as it shall designate at the office of the Bank in Guernsey or the office of any paying agent appointed for the purpose by the Bank.

Whenever the Bank receives a distribution other than cash in respect of the Deposited Securities, the Bank will, subject to applicable laws and regulations, make the securities or property received by it available for distribution to the holders of BDRs entitled thereto in any manner which the Bank deems equitable and practicable. If, however, in the opinion of the Bank such a distribution cannot be made proportionately among the holders of the BDRs or if for any other reason such a distribution is not feasible, the Bank may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including the sale of such securities or property or any part thereof, and make the net proceeds therefrom available for distribution as in the case of a distribution received in cash.

Voting the Deposited Securities

Holders of BDRs will be entitled to instruct the Bank, in accordance with the procedure (which may require the deposit of their BDRs or the surrender of a dividend coupon appertaining thereto) set out in the Deposit Agreement, as to the exercise of voting rights, if any, pertaining to the Deposited Securities. The Bank will endeavour, insofar as practicable and subject to any applicable provisions of law or of the Memorandum and Articles of Association of the Fund to vote the Deposited Securities in accordance with such instructions. In the absence of such instructions, the Bank may exercise such voting rights as it thinks fit in the interests of the holders of the BDRs without any responsibility or liability with respect to such action, other than in cases where the Bank has knowledge of any contest to the action to be taken at the meeting or involving a merger or any other matter which may affect substantially the rights or privileges of applicable Deposited Securities.

Limitation of Liability under the Deposit Agreement

Neither the Bank nor the Fund nor any paying agents appointed by the Bank will incur any liability to any holder of a BDR if, by reason of any provision of any present or future law or regulation of any country or of any other governmental authority or any Act of God or war or other circumstances beyond its control, the Bank or the Fund or such paying agent is prevented from performing any act otherwise required by the terms of the Deposit Agreement. Neither the Bank nor the Fund nor such paying agents will assume any obligation or be subject to any liability under the Deposit Agreement to holders of BDRs except that each of them will agree to use its best judgement and good faith in the performance of such duties as are specifically set forth in the Deposit Agreement.

Neither the Bank nor the Fund nor any such paying agent shall be liable for any action or failure to act by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting securities for deposit, any holder of BDRs or any other person believed by it in good faith to be competent to give such advice or information. The Bank, the Fund and such paying agents may each rely and shall be protected in acting upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank shall not be responsible for any failure to carry out any instruction to vote any of the Deposited Securities, or for the manner or effect of any such vote, as long as any such action or failure to act is in good faith.

Resignation and Removal of the Bank as Depositary

The Bank may at any time resign as Depositary or be removed as Depositary by the Fund, such resignation or removal to take effect upon the appointment within 30 days thereafter of a successor depositary and its acceptance of such appointment in terms of the Deposit Agreement.

Amendment and Termination of the Deposit Agreement

All and any provisions of the Deposit Agreement may from time to time be amended by agreement between the Fund, the Managers and the Bank in any respect which they deem necessary or desirable, provided that any amendment which increases or imposes fees or charges payable by holders of BDRs or which prejudices any substantial right of such holders shall not become effective as to outstanding BDRs until the expiry of three months after notice of such amendment shall have been given to holders of outstanding BDRs. During this period of three months each holder of a BDR shall be entitled to obtain delivery of a certificate in respect of the Deposited Securities represented by his BDR upon surrender thereof, free of charge. Each holder who continues to hold his BDR after such period shall be deemed to have agreed to such amendment.

The Bank shall, if so directed by the Fund, terminate the Deposit Agreement on 30 days notice. Likewise the Bank may terminate the Deposit Agreement, if at any time 30 days shall have expired after the Bank shall have delivered to the Fund notice of resignation and a successor depositary shall not have been duly appointed. If any BDRs remain outstanding after the date of termination, the Bank shall thereafter discontinue the transfer of BDRs, suspend distribution of dividends and shall not perform any further acts under the Deposit Agreement except to continue to deliver Deposited Securities, together with dividends and other rights appertaining thereto, in exchange for BDRs surrendered to the Bank. At any time after two years from the date of termination, the Bank may sell any Deposited Securities still held by it and hold the proceeds, without liability for interest, for the pro rata benefit of holders of BDRs not then surrendered.

Charges of the Bank as Depositary

The Bank is entitled to make the following charges:—

1. For the receipt of Deposited Securities and the issue of BDRs (including the issue of balancing BDRs following redemption of part of a holding) $10 per BDR (payable by the party to whom the BDRs are issued).
2. For accepting a surrender of BDRs (including the surrender of BDRs on redemption of the whole or part of a holding) and delivering Deposited Securities $10 per BDR (payable by the party surrendering the BDRs).
3. For the payment of dividends 2 cents per dividend coupon per BDR (on the basis of two dividends in each calendar year) (payable by the party receiving the dividend).

Financial Information and Notices

Annual and half-yearly audited Reports and Accounts of the Fund will be available to holders of BDRs at the office of the Bank in Guernsey.

All notices to holders of BDRs will be published in the Financial Times of London. Publication will be made in other appropriate newspapers at the discretion of the Bank or if publication in the above newspaper should not be practicable.

Further Information

1. Share Capital

(i) The authorised share capital of the Fund is $100,100 divided into 100 Management Shares of $1.00 each and 10,000,000 Unclassified Shares of $0.01 each.

(ii) Management Shares have been created solely to comply with the laws of the Island of Guernsey so that Participating Shares may be issued with preference over another class of capital. Management Shares carry one vote each on a poll, do not carry any right to dividends and, in a winding-up, rank only for a return of paid-up capital (after the return of paid-up capital on Participating and Nominal Shares). Management Shares are not redeemable.

(iii) Unclassified shares may be issued either as Participating Shares or Nominal Shares.

(iv) Participating Shares carry a right to dividends declared by the Fund. Each holder of Participating Shares will be entitled, on a poll, to one vote for each share held. In a winding-up, each Participating Share has a preferential right of return of paid-up capital and a right to share in surplus assets after the return of paid-up capital on Nominal and Management Shares.

(v) Nominal Shares can be issued and redeemed only at par and for the purpose of providing funds for the repayment of the nominal amount of Participating Shares redeemed. Nominal Shares do not carry any right to a dividend. In a winding-up, they have the right to repayment of paid-up capital before Management Shares. At meetings of the Fund the holders of Nominal Shares are together entitled to one vote irrespective of the number of such shares so held. The Managers will subscribe Nominal Shares at par out of moneys made available by the Fund for that purpose when Participating Shares are redeemed. Nominal Shares may be converted into Participating Shares by the Managers for sale to investors.

(vi) All the Management Shares have been issued to the Managers. No other shares of the Fund have been issued.

(vii) No issue of Participating Shares (other than issues for cash at full net asset value) will be made within one year from the date hereof without the approval of the Fund in General Meeting. If 10 per cent. or more of the authorised share capital remains unissued after the subscription made pursuant to this prospectus, no issue will be made otherwise than for cash at full net asset value which would effectively alter the control of the Fund without the prior approval of the Fund in General Meeting.

2. Variation of Class Rights

(i) Subject to the provisions of the laws of the Island of Guernsey, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Fund is being wound-up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Resolution passed at a separate general meeting of the holders of such shares.

(ii) The rights attached to the Participating Shares are deemed to be varied by the creation or issue of any shares (other than Participating Shares) ranking *pari passu* with or in priority to them as respects participation in the profits or assets of the Fund.

(iii) Subject to paragraph (ii) above the special rights attached to any class of shares having preferential rights are (unless otherwise expressly provided by the conditions of issue of such shares) deemed not to be varied by the creation or issue of further shares ranking in any respect *pari passu* therewith but in no respect in priority thereto.

3. Subscription and Redemption Price of Participating Shares

(i) The subscription price of Participating Shares is ascertained:

(a) by valuing the net assets of the Fund based upon the lowest market dealing offer prices as at the close of business on the business day preceding the subscription day on which such shares are issued;

(b) by adding thereto such sum as the Directors may consider represents the appropriate provision for duties and charges which would be incurred if all the assets held by the Fund were being acquired at the date of such issue;

(c) by deducting therefrom:
(i) the paid up capital on the Nominal Shares of the Fund in issue;
(ii) the value of the Management Shares; and
(iii) the net undistributed income of the Fund;

(d) an amount is then added to this sum in respect of accrued income, the total divided by the number of Participating Shares then in issue and deemed to be in issue, and the resultant amount rounded up, if necessary, to the nearest one cent.

(ii) The redemption price of Participating Shares is ascertained:

(a) by valuing the net assets of the Fund based upon the highest available market dealing bid prices as at the close of business on the business day preceding the subscription day on which such redemption is made and by deducting therefrom:
(i) the paid up capital on the Nominal Shares of the Fund in issue;
(ii) the value of the Management Shares;
(iii) the net undistributed income of the Fund; and
(iv) such sum as the Managers may consider represents the appropriate allowance for duties and charges in relation to the realisation of all the investments held by the Fund at the date of such redemption;

(b) by dividing the resultant sum by the number of Participating Shares then in issue and deemed to be in issue;

(c) by deducting from the resultant quotient the nominal value of a Participating Share;

(d) an amount is then added to this sum in respect of an accrued income payment, and the combined total is then rounded down if necessary, to the nearest one cent; and

(e) the redemption price thus obtained is then multiplied by the number of Participating Shares to be redeemed to give the amount payable.

Companies and Markets

UK COMPANY NEWS

SEEKING PUBLICITY, LIQUIDITY OR PRESTIGE

Foreign companies queue for listings

BY IAN RODGER

FOR THE first time in seven years, big foreign companies are queuing up to apply for London Stock Exchange listings.

So far this year, 11 foreign names, most of them American, have been added to the Stock Exchange list, one more than in the whole of last year. And the SE is confident that many more are on the way.

The removal of exchange controls, the growth of London's bond markets, the increasing interest of UK investment funds in foreign shares—these are the reasons cited for the surge, the biggest since 1973 when 45 foreign companies obtained SE listings.

However, the real reason may be simpler.

Restricted

"These things tend to be a matter of fashion," Mr. David Bucks, a director of Hill Samuel and Co. said. "If all your chums are doing it, you do it. When the pound was under siege, it went out of fashion, and I suppose it will happen again."

Certainly, the trading volume arising from a London listing for a foreign company is unlikely to be impressive. The Stock Exchange does not publish statistics but trading is generally acknowledged to be very small in most cases.

Interest in foreign shares tends to be restricted to professional fund managers, and they need the efficiency of the shares' active "home" market for their large transactions.

"My markets open at 3 o'clock," the U.S. equities specialist for one London institution said, referring to the New York stock exchanges.

As of March 31, 1980, the Stock Exchange reported that 364 foreign companies were listed, of which 121 from the U.S., 105 from South Africa, 21 from Malaysia, 20 from Canada and 14 from Australia.

Motives

Although the 1973 surge of listings was said to be related to enthusiasm surrounding Britain's entry into the European Community, there remains relatively few listings from EEC countries: three from Belgium, four from Denmark, seven from France, five from Germany, one from Italy, five from Luxembourg and 11 from the Netherlands.

Foreign companies seeking a London listing usually have motives other than increasing the trading in their shares.

"We wanted an Extel card," Mr. Peter Breyfogle, vice-president, finance, of Canada's Dome Petroleum, said while in London last week for the company's listing. Two weeks earlier, Mr. Ronald Saypol, president of the U.S. toy retailer, Lionel Corporation, had given the same explanation.

Extel's statistical cards, published on each listed company, provide a summary of the company's historical record plus frequently updated information on current developments. The value of the card to a little-known foreign company arises when it seeks to raise funds in Eurocurrency markets. An institution invited to participate in a foreign issue may be more inclined to do so if information on the issue is readily available in a form with which it is familiar.

Both Dome and the U.S. oil and gas company, Nicor, which began trading in London early in May, are frequently looking for debt capital. "In a period of rapid expansion, we need access to all capital markets available," Mr. C. J. Gauthier, chairman of Nicor, said.

"We feel Europe is a good source of debt," Mr. W. E. Richards, president of Dome, said, "and a listing is one means of getting the company better known. It's a public relations exercise, if you like."

Some companies have other reasons for seeking the publicity associated with a listing. The large U.S. food retailer, Safeway Stores, which obtained a London listing in April, plans "further substantial investment and involvement with the British shopping community," according to Mr. Peter Magowan, chairman.

Westland/Utrecht Hypotheekbank of Holland sought a London listing last month to publicise its mortgage bonds rather than its equity.

> 'These things tend to be a matter of fashion. If all your chums are doing it, you do it.'

Lionel noticed that 15 per cent of its shares were held in Britain and decided to make it easier for its UK shareholders to follow the company's fortunes, Mr. Saypol explained.

Occasionally, a company comes to London because it actually wants a larger market for its shares. Dr. Matthias Seefelder, chairman of the giant German chemical company, BASF, explained in London last month that the company had, in effect, outgrown German equity markets. To increase liquidity for the shares, it had sought listings in the past few years in Switzerland, Austria, Belgium and France.

"When the UK Government abolished foreign exchange restrictions in 1979, it was only a question of time before we could start with the listing procedure here," Mr. Seefelder said. "In doing so, we were not motivated by the intention to raise new funds but by the wish to render a service to our British shareholders."

Also, occasionally, a foreign company will seek a listing in London before having one in its home country. Last October, the Dutch medical instruments company, Vilatron, became a London market favourite.

When 890,000 shares were placed at 175p they rose sharply to 280p and the company chairman sold an extra 42,500 shares "to assist in the establishment of a less narrow market." The shares still trade around the 275p level, although activity has fallen off.

The chairman of Canadian Pacific Enterprises, which began trading in London in March, even cited sentimental reasons for seeking a London listing, because of the railway's financial roots.

Mr Ian Sinclair also said he resented what he considered to be excessive bureaucracy and red tape involved in listing the company's shares in the U.S. "If Americans want to buy the shares, they can buy them in Toronto."

Sentiment

Although not as stifling as that in the U.S., the red tape involved in seeking a listing in London is nevertheless considerable.

In general, there are two categories of foreign companies in the eyes of the Stock Exchange: those with a listing on one of the New York or American stock exchanges and those without. It is considered that those with one of these U.S. listings are already obliged to make more than adequate disclosure and so they are asked only to publish information in London as well as in the U.S.

Those without U.S. listings must produce lengthy documentation on the previous five years' performance. The Stock Exchange takes a case-by-case approach and will sometimes bend its rules if these turn out to be in conflict with rules in the company's home country. For example, banking laws in some European countries permit banks to conceal reserves. The Stock Exchange decided that it was prepared to play along.

Expenses

Listings are usually arranged by rather expensive merchant bankers backed up by brokers, accountants and solicitors. BASF, which had to prepare full documentation, spent £125,000 for its listing and Westland/Utrecht £75,000. On the other hand, Lionel which already had a New York listing, paid only £25,000.

Actual expenses associated with getting a listing are modest. The initial fee charged by the Stock Exchange varies with the size of the company, from £2,600 for companies with £10m turnover to £10,000 for companies where turnover exceeds £100m. Thereafter, annual charges vary from £487 to £1,080, depending on size. In addition, there are printing, newspaper advertising and entertainment expenses.

All of which suggests there is some truth in the suggestion of one cynical investment manager that foreign companies seek London listings to please their merchant bankers.

Huntleigh expects rise at halftime

The current year had started well for Huntleigh Group, Mr. John Kuipers, chairman, told shareholders at the annual meeting, and he expected first-half profits to show a satisfactory increase over the £330,000 achieved last time.

Micro-Image Technology continued to raise its market share, while the chairman expected Hymatic Engineering to increase substantially its contribution throughout the decade. Its new factory, due for completion early in 1981, was progressing well.

He said he was now satisfied with the progress being made at Huntleigh Medical and at Seapoint, having mentioned in his annual statement that steps were being taken to improve their performance.

Overall, the directors looked to the future with confidence, he added.

INSURANCE BROKERS MERGE

R. W. Bailey, Inc., New York, and John Townsend and Co., London, have merged and formed a brokerage firm specialising in ocean marine reinsurance. The company will be named Bailey Townsend Inc., with head offices at 111 Broadway, New York.

THE RUBBER GROWERS' ASSOCIATION LTD.

Mr. A. Hamilton's brief survey of tropical plantation crops

The Annual General Meeting of the Rubber Growers' Association was held on 9th June in London.

Mr. A. Hamilton, the Chairman, presided and made the following general observations:—

Firstly, it is worth recording that in most of the countries in which our members operate, conditions of political and economic stability have prevailed. Indeed in the area where our members are particularly involved, South East Asia, there continues to be a very satisfactory degree of economic growth and well-being. This augurs well for the future.

We can also count ourselves fortunate in the comparatively stable level of prices which the commodities we produce have commanded on world markets for the greater part of 1979. Although the rubber price has receded from the peaks of last February, it is still comfortably above the upper intervention point of the International Natural Rubber Agreement which was concluded at the end of last year. This means that the provisions relating to the Buffer Stock need not become immediately effective. This Agreement was a culmination of many months of hard work and negotiation, and the patience and skill of all those concerned deserve high praise, the more so in the light of the failure of any other International Agreement under the auspices of UNCTAD to see the light of day. Indeed the existing International Cocoa Agreement has recently collapsed, and the projected supply demand situation raises some doubts on future prices at present levels of production. The immediate value of the International Natural Rubber Agreement lies in the safety net which it provides against any severe drop in price—however unlikely this may seem at the moment. Producers can derive some re-assurance from this at a time when they are being urged to continue to cultivate and to plant natural rubber to meet the expected demands of the rest of this century. There has been talk of shortage of NR in the years ahead, and whether or not such forecasts are well founded, it is important that consumers should have confidence that adequate supplies will be forthcoming.

The Government of Malaysia is of course very conscious of the substantial switch away from rubber into oil palms that has taken place within the plantations sector over recent years and why this has been done: and it has given a timely lead in the last Budget to encourage the industry to rethink its replanting programmes. Clearly, Government believes the switch into oil palms has probably gone far and fast enough and perhaps many RGA members will agree as far as Malaysia is concerned, especially in the knowledge of the expansion into oil palms in such countries as Indonesia, Papua New Guinea, Philippines, and the Ivory Coast.

The worthwhile reduction in the rubber export duty announced in the last Malaysian Budget may only be the first welcome move by the authorities to make rubber more attractive and it will be interesting to see whether the National Agricultural Policy document due to be published this year deals sympathetically with some of the other factors that have to be taken into account in replanting decisions such as the availability of land and the growing labour shortage.

Just before I leave the matter of rubber export duties, it is worth noting that, even after the welcome reduction in Malaysia, tax rates there are much higher than in the other major producing country.

A further ingredient in strategic decisions about alternative crops is of course the view taken of future price levels. I have already mentioned cocoa, and it is no secret that some authorities, including the World Bank, see the likelihood of palm oil prices being depressed in the first half of the 1980s. But most experts are reasonably optimistic about the period thereafter, and it is worth noting that palm oil is highly competitive with other oils and fats on a cost of production basis.

If remunerative markets for these 3 major crops are to be maintained, one requirement is continuous and well directed research. This Association is proud to have initiated natural rubber research in the twenties and thirties: the extent and development of that effort under the MRRDB in recent years have become known worldwide. In palm oil a start on some aspects of research was made perhaps rather late in the day, and progress has not always been as fast as one would have liked. We therefore welcome the appointment of Tan Sri Dr. Anuwar as Director of PORIM. I am sure that his experience and talents will hasten the way forward, and we offer him our full co-operation. In cocoa—a comparatively new crop—I am glad to say that research into quality is already going ahead thanks in large measure to the wholehearted interest and activities of cocoa growing members of the RGA in Malaysia. It is appropriate now, I think to make mention of the very considerable value of the work done on behalf of all members of the RGA by our Director in Kuala Lumpur, Mr. Brian Stewart ably and willingly supported by the members of the Panel. Together they play a very positive and helpful part in safeguarding and promoting the interests of the plantation industry which makes such an important contribution to the prosperity of Malaysia. It is also particularly pleasing to note that some of these Panel members are to become members of the Council of the Association, and others alternates. This is a development which will enable Council to meet in future—perhaps once or twice a year in Kuala Lumpur. I look forward to the first of such meetings next month.

Turning now to more domestic matters, it may have been noticed that there has been an alteration to the Association's letterhead. This is to resolve an old dilemma of whether we adhere to our well known, but restricted title, or whether we should alter it to show that we embrace other tropical commodities as well as rubber. The solution adopted gives greater prominence to the initials R.G.A., to which is added a more descriptive subtitle. This indicates that we are an Association of growers of rubber, oil palm and other tropical crops on an international scale. In fact we have members growing these crops in Indonesia, West Africa, and elsewhere as well as in Malaysia, and during my past year of Chairmanship I have had occasion to visit all these regions. It is exciting to see how our members are seeking plantation opportunities around the world in tracts of land that may still be, or has only recently ceased to be, solid jungle and I look forward to a decade of growth and diversification.

UK COMPANY NEWS

John Griffiths on the worries of selling motor cars

Reaping the whirlwind from the boom

MOTOR MANUFACTURERS and traders are beginning to reap the whirlwind they helped blow into life this spring.

By late last year, with general recession darkening the horizon, the industry and the motor trade were already well aware that a chill wind was coming.

After record sales of 1.7m cars in 1979, the Society of Motor Manufacturers and Traders and other industry forecasters were predicting a drop to 1.5m this year.

Now the fear is growing that the outcome will be lower. One of the Big Four makers (BL, Ford, Vauxhall and Talbot) believes it may be under 1.4m.

That in itself would be bad enough, even allowing for last year's being exceptionally buoyant.

What has raised a storm over the heads of the 9,000 dealers is the vicious circle of price-cutting, incentive and bonus schemes started by makers and dealers in the spring, now proving almost impossible to stop.

Then at a time when the market might have gone into an orderly decline, sales were boosted to a first-quarter record, over 500,000 cars.

The bubble burst in April and May, sales falling by about a third in each month.

Even so, that highly artificial first quarter meant that by the end of the first five months 745,000 cars had been sold, half the year's market, with seven selling months left to go, even if the SMMT's estimate does not prove over-optimistic.

Worse, many of those cars have been sold at knock-down prices, leaving dealers ill-equipped to cope with the barren months to come.

The discounting has not stopped stocks from mounting. An estimated 400,000 unsold cars are piled up between manufacturers and showrooms, nearly twice the healthy level for current sales volumes.

Dealers, says the Motor Agents' Association, are suffering from Catch-22: "They've got the heavy interest rates burden on stock of up to 20 per cent; they have to do something about their stocks but can't unless they're prepared to slash the price; if they do that, they've got no profit."

Yesterday a £19,000 Jaguar was on sale in the London showroom of a major retailing group at a discount of nearly £5,000; discounts of well over £1,000 on other large but less aristocratic cars are common place; and in the past two months discounting has spread increasingly into "bread and butter" ranges.

At that Jaguar's price, the retailer's profit was just about zero; indeed the MAA believes that in a state of near-panic some dealers are giving away almost all their normal 16½-18 per cent markup to sustain cash flow, and are relying on incentive and other bonuses from the manufacturers to keep afloat.

With industry forecasters, among them the respected Eurofinance and Economic Models consultancy groups, unanimous in predicting that next year's market will be worse, there are growing fears that quite a few dealers will sink.

The next two months in particular are likely to be poor, while would-be customers wait for the W registration.

In theory, the arrival of Ford's Escort replacement; the Morris Ital, replacing the Marina; and the Mini Metro should boost autumn sales.

But those dealers who have been discounting heavily could find themselves facing trouble here: "The manufacturers have got to recoup in their investment," the MAA suggests. "There's no way they will be able to sell those at cut prices."

One smaller London Ford dealer suggested yesterday that many dealers "are at bursting point both financially and physically.

"We are carrying far more stock than normal, and it is hurting. The trouble has been that it has taken just one black sheep in any area to cut prices right back to shift his models, and the rest of us are obliged to follow suit."

Much of the trade blames the free-for-all on the wide publicity accompanying BL's spring price-cutting campaign, so effective that at one stage it lifted five BL models into the top ten list of best-sellers.

BL was not alone; other manufacturers offered incentives to their dealers, and the process is continuing.

The manufacturers having over-produced, dealers are still under pressure to take cars, though this will ease as production winds down in coming months.

Manufacturers are advising on ways of minimising stock control costs, though some larger chains are becoming increasingly resentful of the bulk deposit schemes which require them to advance large amounts of cash for cars to be supplied during the year, which cushions the manufacturers but does the reverse for themselves.

The effect of all the new car discounting has had the effect of "shattering" the used car market, according to Mr. C. L. Bates, director of A.V. Motors, a London Talbot dealer.

Larger used cars are close to unsaleable, and prices even of smaller popular cars are heavily depressed. According to Glass's, the "Bible" of the retail trade, late model executive cars are selling at £500 or so below what might be considered normal.

Despite the general gloom some dealer organisations believe that the market is not so black as it is painted.

Jean Denton, marketing director of Heron Corporation, which has a wide range of franchises but notably BL, says stocks are well under control and "I'm convinced there is a market out there."

The trouble has been, she suggests, that the first quarter lulled too many dealers into a false sense of security. "When you do finally close the pipeline, it takes six months to show up in stock levels."

The dealers may be in trouble, but as one ruefully pointed out yesterday: "There's never been a better time to buy a car."

BIDS AND DEALS

Cowie claims nearly 54.3% of G. Ewer

The outcome of the bid by T. Cowie, Sunderland-based motor dealer, and George Ewer and Co., the motor distributor and Grey Green coach operator, was still in the balance last night.

With the aid of a 10 per cent block purchased through Norman Collins and Co., from 18 separate clients, Cowie claimed control over 54.29 per cent of the Ewer shares. But the controversy surrounding the issue of shares to Eastern Tractors shareholders continued.

A spokesman for the Stock Exchange said yesterday that the issue of shares in connection with the Eastern Tractors acquisition would not "in principle" be in breach of the assurance given by the chairman of Ewer in June, 1978 that control of the company would not be changed without prior approval of holders.

But according to Samuel Montagu, adviser to Cowie, counsel's opinion is that the Eastern Tractors' share issue is in breach of that assurance.

The Stock Exchange said that a listing for the shares would be considered when the application is received from Ewer.

County Bank, acting for Eastern Tractors, said yesterday that they had been given a clear assurance by Ewer that there would be no difficulty in securing a listing for the new Ewer shares. County Bank expressed "some surprise" that the listing for the shares was still the subject of debate. It was critical of Ewer's handling of the bid and felt that a quick application for listing of the new Ewer shares would have solved the matter by now.

In a statement yesterday the directors of Eastern Tractors said that they have requested the directors of Ewer to apply for a listing of the new Ewer shares to be issued at "the earliest opportunity."

Meanwhile the Cowie offer (worth a basic 52½p per share or 55p if the Eastern Tractors deal lapses) has been extended to June 25 and a further statement is to be made as soon as the Eastern Tractors position regarding Eastern Tractors has been clarified.

Cowie said that in view of the present position Samuel Montagu and Co., are having discussions with the advisers to Ewer. But Ewer denied that either the directors or their advisers, Barclays Merchant Bank, are entering into discussions with Cowie or its advisers. Ewer continues to advise holders to reject the Cowie offer.

The share stake claimed by Cowie yesterday represented 9.59m Ewer shares. This comprised 5.3m shares (29.99 per cent) owned prior to May 7 (the date of the announcement of the possible offer), 701,000 purchased by exercise of option, 1.76m purchased through the market yesterday, and 1,388,211 acceptances.

Christy board accepts offer

The £600,000 bid for Christy Bros. put together by stockbrokers Simon and Coates on behalf of its clients, has been accepted by the Board in respect of its 4.3 per cent stake and other shareholders are recommended to do the same.

The Chelmsford engineering group was initially sceptical about the 30p per share cash offer but, in a letter to shareholders, Christy now describes the bid as 'fair and reasonable." Shareholders are warned that they should not expect a dividend for the current 15-month accounting period.

The offer closes on Friday and the bidder has promised to inject new management into the company and to keep the quotation. A rights issue is also under consideration.

QUEENS MOAT ACQUISITION

The directors of Queens Moat Houses say that in connection with the purchase of the Manor Hotel, Banbury, the consideration for the freehold of £500,000 has been satisfied by the issue of 1.62m ordinary shares and the balance of £3,214 in cash.

Application has been made to The Stock Exchange and listing has been granted. In addition, to release resources for expansion in predominantly commercial locations the 38-bedroom Chase Hotel, Ross-on-Wye, has been sold for £575,000, which was the book value. Buyer of this freehold property acquired by Queens Moat in 1968 for £85,000 is Seaview, a private company.

The consideration was paid as to £505,000 in cash on completion and £70,000 in equal annual sums between 1883 and 1990.

BRITISH SMELTER CONSTRUCTIONS

George Wimpey has acquired the shareholding of Selection Trust in British Smelter Constructions, the Brentford-based management company, which thereby becomes a wholly-owned subsidiary of Wimpey. In the consequential reconstruction of the board of British Smelter Constructions, the Selection Trust representatives have resigned, as has Dr. George Hough, as chairman and chief executive.

Mr. T. T. Candlish, a managing director of George Wimpey, has been appointed non-executive chairman, Mr. Andrew McDowall remains deputy chairman and has been appointed chief executive. The services of Dr. Hough have been retained by British Smelter Constructions as a consultant.

WM. PICKLES

Mr. N. F. Garrett, the deputy chairman and managing director of William Pickles and Co., the textiles concern, has disposed of his entire ordinary holding of 25,000 shares at 8½p each. He has also disposed of 88,000 "A" ordinary at 5½p reducing his holding in this class to 5,360.

NIMSLO EUROPEAN

The offer on behalf of Nimslo European Holdings (NEH) to acquire shares of Nimslo not owned or contracted to be acquired by Nimslo Technology Inc. has been accepted by the holders of 1.04m ordinary £1 shares in Nimslo (representing 82 per cent of the share capital for which the offer was made).

The offer is now unconditional in all respects and will remain open until further notice.

BP Minerals stake in Norwegian zinc smelter

BP Minerals will take over a 50 per cent stake in Norway's only zinc smelter, Norzink, if the Norwegian authorities and Norzink's Board approve the deal.

This has been announced in Norway by Norzink, which is owned 50-50 by Boliden of Sweden and the Franco-Belgian group Compagnie Royale Asturienne des Mines.

Asturienne has for some time been seeking to sell its stake in the company, and has now agreed on sale terms with BP.

The Ministry of Industry is understood to be taking its time because it would like to involve two Norwegian companies in the purchase.

The two—Orkla (Mining and Industry) and Sydvaranger State controlled, mining and metals)—have been negotiating jointly to buy a part of Asturienne's interest, but the Franco-Belgian group wanted to sell out completely.

The Norwegian authorities may be seeking a compromise whereby BP after buying Asturienne's 50 per cent stake, would re-sell a small part of it to Orkla and Sydvaranger.

BURNETT AND HALLAMSHIRE

Mr. A. Ferguson has sold 1m shares in Burnett and Hallamshire Holdings in which he had an interest. These shares were in the name of Temple Investment and Finance Company and Mr. Ferguson's holding is now 101 shares in his own name.

Borthwick in £0.4m deal for Vincent Hall

Thomas Borthwick and Sons has signed an agreement for the purchase of Vincent Hall and Sons, the Bradford-based international wool merchant, for £400,000.

The consideration will be settled by way of £100,000 cash and the balance by way of the issue of 600,000 ordinary shares of Borthwick.

At the date of the last audited accounts, the net asset value was £202,000 and the pre-tax profits were £113,000. Vincent Hall specialises in New Zealand slipe wools and also supplies New Zealand, Australian and English greasy and scoured wools.

Borthwick is a major operator of freezing works in New Zealand and the UK, producing slipe wools in its fellmongeries. Until now it has sold its slipe wools exclusively to the world's brokering and merchanting trades. This acquisition will enable it to broaden its marketing base and to sell direct to manufacturers in the UK.

Joining the Hall business to the Borthwick by-products division is a further step towards effecting the Borthwick Group policy of developing those successful sectors of its business outside of its mainstream trade, which is meat, the directors say.

CHARTERHOUSE PURCHASE

Charterhouse Group intends to take a stake of between 45 and 49 per cent in a separate company being formed to buy PRF Corporation, a U.S. bedroom and bathroom textiles company, for \$30.5m (£13m).

The British investment and banking group confirmed yesterday that its New York subsidiary, Charterhouse Group International, had agreed in principle to buy "substantially all the assets" of PRF, whose shares are traded on the over-the-counter market in the U.S.

Charterhouse did not say who its partners in the PRF venture would be. In its latest financial year to January 31, 1980, the U.S. company's net profits after tax rose marginally to \$4.2m (£1.8m) from \$4.1m on sales of \$53.5m against \$54.7m.

NO PROBE

The proposed merger of General Electric of America with certain assets of Thorn EMI is not to be referred to the Monopolies Commission.

Sun Oil offer for Viking receives 96% acceptance

Sun Oil, the U.S. oil company, has received bid acceptances for 95.96 per cent of the ordinary and deferred share capital of Viking Oil, the North Sea exploration group. The Sun offer for Viking has now become unconditional.

Dealings under Rule 163 (3) started yesterday morning in the oil royalty stock units issued by Sun as part payment for Viking shares. The royalty units opened yesterday at 750p and closed at 818p.

Under Sun's revised bid, announced in March, Viking share capital was reorganised so that each existing £1 Viking share became one new ordinary share of 1p and one deferred share of £1. This reorganisation was approved at an extraordinary general meeting last Friday. Acceptances in each of these categories have been received for 2,303,080 shares (95.86 per cent).

Viking ordinary shareholders were then offered one oil royalty stock unit of Sun Oil plus either 625p cash or the same amount in Sun variable rate loan notes dated 1985.

Each oil royalty unit issued by Sun is a flexible trading unit whose value is to be calculated in relation to the attributable share of oil and gas produced and sold from Viking's North Sea fields. For any of the fields which may be developed, the royalty will normally become payable when 30m barrels production begins.

The amount of the royalty is graduated and corresponds to 7.5 per cent of the gross proceeds of Viking's share of oil and gas in respect of the first 150m barrels produced, 10 per cent of the next 50m barrels and 12.5 per cent of production in excess of 200m barrels.

Sun Oil told Viking shareholders that they could also elect to receive a greater proportion of oil royalty stock units or cash or loan notes depending on the extent to which other shareholders ask for lesser amounts.

The result of this offer was that 24 per cent of additional royalty units were made available instead of cash or loan notes. Elections to receive additional cash or loan notes instead of royalty units were satisfied in full.

The Sun offers remain open for acceptance until further notice, but in accordance with the terms of the offers, the right of Viking shareholders to elect to receive additional royalty units or cash/loan notes has now terminated.

Sun UK intends to acquire compulsorily any outstanding new ordinary shares and deferred shares in Viking.

HAWLEY LEISURE

Hawley Leisure, the vendors of Guy Games, have been paid £60,000 of deferred consideration. At the request of the vendors, £50,000 has been paid by the issue of 108,109 ordinary shares.

BESTOBELL'S £1.85M PROPERTY SALE

Bestobell, the controls, energy, aviation and consumer products group, has reached an agreement for the sale of Stoke House, its head office at Stoke Green near Slough, for £1.85m cash. Book value of the property at the end of 1979 was £770,000.

Stoke House is a large 19th century country house standing in almost six acres. Bestobell has occupied the premises since 1946.

Mr. A. B. Marshall, the Bestobell chairman, says that a move is being made shortly to more cost-effective modern premises in the centre of Slough.

ASSOCIATES DEAL

Grierson, Grant and Co. on behalf of discretionary investment clients purchased 40,500 Keyser Ullmann Holdings ordinary shares at 80p on June 5 and 25,000 at 81p on June 6. They also purchased on behalf of Charterhouse Japhet (account/client) 1.28m ordinary shares of the Charterhouse Group at 83p, June 6.

SHARE STAKES

Drayton Premier Investment Trust.—Following purchases of 50,000 Ordinary trustees of NCB Staff Superannuation Scheme, Mineworkers Pension Scheme, Coal Industry Benevolent Trust and Coal Mining Contractors Pension Scheme together hold 2.29m Ordinary 18.06 per cent.

Walter Lawrence—B. M. Thornton, director, has disposed of 38,150 Ordinary from his non-beneficial interest in I. P. Lawrence Trust.

H. Samuel—Mrs. E. S. Edgar, as beneficiary under estate of late R. R. S. Edgar, received 123,640 ordinary bringing her total holding to 379,272 (5.536 per cent).

Ascot TV Rentals (Holdings)—Sagest SA has acquired 70,000 shares making holding 4.01m shares (39.96 per cent).

Newman Industries — London and European Assets now hold 4.38m ordinary (17.61 per cent).

Stroud Riley Drummond—H. M. Ross now holds 368,938 shares (10.76 per cent).

Thomas Borthwick and Sons—Following directors have purchased shares as follows: Dr. W. A. Bullen 3,804 on May 29; M. F. Cave 1,337 on May 29; C. M. Fleming 8,000 on May 30; J. R. Sturgis 3,000 on May 30; Sir John Borthwick 120,000 on May 30 and 80,000 on June 2; J. R. Palfreyman 30,000 on May 30, and 20,000 on June 5.

Cardinal Investment Trust — London and Manchester Assurance has acquired 361,937 ordinary making holding 892,180 (8.02 per cent).

C. H. Bailey — C. H. Bailey, director, on May 20 acquired 490,000 "B" ordinary shares and on same date disposed of 490,000 "B" ordinary held as a trustee.

Herman Smith — Domegal Securities, of which M. Herman-Smith and R. Herman-Smith are directors, bought 2,000 shares at 18p on May 16, 37,500 at 16.5p on May 18 and 6,000 at 18p on May 30. M. Herman-Smith and R. Herman-Smith are directors of Herman Smith. Domegal's holding now 350,000 shares (7.56 per cent).

Rotork—J. J. Fry, director, on May 22 sold 800 9½ per cent Cumulative Preference shares and on May 28 60,000 ordinary. He now holds no preference shares, 2,489,918 ordinary beneficial, 50,000 non-beneficial and profit-linked share scheme 1,567; total interest in ordinary 13.53 per cent.

MINING NEWS

Appeal for registry of UK mineral rights

THE CORNISH Chamber of Mines yesterday repeated its call to the British Government to simplify the procedures for obtaining working rights to minerals in this country. The Chamber, which includes among its members the main mineral producers in the South West, said that it does not seek the *nationalisation of minerals*, but favours instead the compulsory registration of all mineral rights.

The Chamber annexed to its annoal report, published yesterday, a synopsis of a paper on minerals legislation which was sent to the CBI Minerals Committee more than fivo years ago. Talks between thet committee and the Department of Industry are continuing.

Tho paper calls for the establishment of a minerals commission which would set up a rogister for mineral rights, take over all *unregistered rights* after a suitable poriod, grant oxploration licences and mining *leases* on minerals vested in it, and arbitrato in disputes between owners and operators.

The procedure *recommended* by this paper formed the basis of Mr. David Ponhaligon's Private Member's Mineral Rights Bill, which recently failed to obtain a Secood Reading *in tho* House of Commons.

The Government's reaction to tho paper has been that the Mines (Working Facilities and Support) Act 1974 provides the moans whereby a would-be operator may obtain authority from the High Court to explore for or work minerals.

The Chamber's answer to this is that this procedure may ba useful as a moans of bringing pressure on an unreasonably obstructive owner, but would be ineffective whore, as in the majority of cases, the identity of the owner is not known.

The Chamber's view is that tho High Court procedure required by the Act is so slow and costly that a mineral operator would prefer not to attempt it.

Elsewhore in tho *Chambor's* annual report, the South West's potontial annual production of tin concentrates is estimated at 5,000 tonnes, compared with a total for last year of 2,373 tonnes, with Geevor and South Crofty accounting for the bulk of this figure.

Gold supply up in 1979—less in 1980?

BY KENNETH MARSTON, MINING EDITOR

LAST YEAR'S dramatic rise in the price of gold—it startad 1979 at $226 per troy ounce and ended the year et $526 before going on to reach a peak of $850 in January of this year—was accompanled by a 6 per cent increase in supplies of the metal to the Western world market for the third year running, according to the Bank for International Settlements.

In *its latest* annual report the BIS estimates that total gold supplies to the West in 1979 amounted to 1,830 toones compared with 1,725 tonnes in 1978.

Of the total for 1979, mine production accounted for 935 tonnes (955 tonnes in 1978), estimated sales by communist countries 290 tonnos (450 tonnes) and net sales of Western official gold stocks of 605 tonnos (320 tonoes).

Whilo South African gold production was littlo changed at 705.4 tonnes dospite the milling of lower grado ore, tharo was reduced output in North Amorica, Spain and Papua New Guinoa. In the last-namod area the big Bongainville mine encountered a decline in ore grades.

Tho fall in world mine production and tho reduction in communist sales of gold wore more than offset by the sharp increase in tho amount of gold auctioned by the U.S. Treasury, this rising to 412 toonos from only 79 tonnes in 1978. The International Monotary Fund auctions providod 170 tonnos compared with 184 tonnes in 1978.

It is noted by the BIS that tho advance in the gold prico *took place* in terms of all curreocies, including the U.S. dollar which was strengthening in world markets, and at a time when generally rising interest rates wero making it more expeosive to hold bullion.

Three main causes are listed by the BIS for last year's gold fever. They are: world inflation and a consequent weakeniog confidence in all major currencies; the *effect* of inflation on investment preferences of tho oil-producing nations; and political worries prompted by the events in Iran and the Soviet invasion of Afghanistan.

Evon so, the rise to a peak of $850 in January of this year went too fast for the market and the price then boiled over to tho extent that it dropped to $473 before the end of March. One factor in this fall was the fear that the high gold prices would severely hit jewellery demand which amounted to as much as 1,001 tonnes in 1978.

However, the price recovered to over $500 in April and then consolidated in the $500-$550 region until last week wheo it *suddenly* broke ioto higher ground. It moved up to $601 on Friday and advanced further to $626 yesterday.

The latest revival contains the usual factors, such as continuing *political* tension *in the Middle* East and elsewhere and the prospect of even further rises in the prico of oil, which make gold preferred to paper currencies.

This time two other factors have been put into the hrew. They are tho fall in the dollar and in U.S. interest rates which encourages buying of gold from that quarter and the effects on market sentiment of tho recent bombings of oil installations in South Africa, the world's biggest producer of gold.

Is tho gold price now ombarking on a sustained advance? On tho demand side, tha one weakness is the important jewellery trado which so far this yoar has cut back its purchases heavily in the hopo of lower prices.

Arguably, tha demand from jewllers may now recover, tho trada deciding that it cannot delay purchases indefinitely and that consumer resistance to the resultant high prices of gold articles may be tempered by tho general level of inflatiou and, perhaps, by some reduction in tha sizeabla retail profit margins on jewellery.

On the supply side, the factors point to a rednction. Communist sales remain at a low level, *while baving complotod its series* of auctions the IMF would not be in a position to ombark on a new programme until late io the year.

The great question mark hangs *over the U.S. Treasury attitude* and so far tho Americans havo shown little enthusiasm for staging further big auctions, the last of which was held in November.

World mino production this year seems likoly to show little change and so providing that the goneral level of domand is maintained the course of the bullion price may be baleoced to a large degree by the U.S. *Treasury* on tho ono hand aod the jowellory trade on the other.

This suggests that tho balance is likoly to ho tipped in favour of a further rise in bullion prices. Meanwhile, Consolidated Gold Fields' excellent annual review of the bullioo sceno, Gold 1980, will be looked forward to with particular interest. It is duo to bo published oo June 24.

MINING BRIEFS

GEEVOR TIN—May output: 10,653 tonnes treated produced 90 tonnes Black Tin (65 par cent Sn) including 10 tonnes low grade concentrates (April 92 tonnes).

Durban Deep's interim 160p

High capital spending plans have cut into dividend payments at Durban Roodeport Deep and East Rand Proprietary, two marginal gold mines in the Barlow Rand group.

Interim dividends declared yesterday are lowor than tho market had forocast despite being foreshadowed by the companies *themselves*.

Durban Deep's 1980 interim is 160 cents (88.3p), four times that of the 1979 interim, reflecting the higher level of bullion prices. It compares with total payments of 155 cents for 1979. East Rand Props is paying an interim of 175 cents (96.5p), against a 1979 intorim of 10 cents end a final of 90 cents.

The companies warned that funds would be hold hack for mino development at the end of tho financial yoar, thus restricting the amount available for dividends.

But tho 1979-80 final dividend from Blyvooruitzicht Gold Mining was well up to markot expectations at 185 cents (102p). This hrings total payments for the year to 285 cents against a 1978-1979 total of 105 cents.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.260	—	—	0	29	—	—	F.288
ABN C	F.300	1	3.50	—	—	—	—	"
ABN C	F.310	1	0.90	—	—	—	—	"
AKZ C	F.22.50	—	—	20	3	—	—	F.25.80
AKZ C	F.25	91	0.40	15	1.50	10	6	"
AKZ C	F.27.50	20	0.10	—	—	—	—	"
AKZ P	F.22.50	—	—	10	0.60	—	—	"
ARB C	F.60	5	5	—	—	—	—	F.64
ARB C	F.65	—	—	4	2	1	3.50	"
HEI C	F.65	—	—	—	—	5	4	F.9.90
IBM C	$55	—	—	5	5¾	—	—	$57⅞
IBM C	$60	—	—	6	2⅛	—	—	
KLM C	F.60	3	2.50	—	—	—	—	F.67
KLM C	F.70	55	6.80	31	4.80	—	—	"
KLM C	F.80	64	0.60	13	1.50	—	—	"
NAT C	F.90.90	—	—	3	19.10	—	—	F.109.80
NAT C	F.104.50	63	7	—	—	—	—	"
NAT D	F.109.10	7	3.50	3	5.50	—	—	"
NN C	F.110	—	—	10	0.20	—	—	"
NN C	F.120	—	—	6	1.50	—	—	"
PHI C	F.17.50	—	—	50	1.50	—	—	F.18.10
PHI C	F.20	105	0.20	14	0.60	50	0.90	"
PHI C	F.22.50	—	—	60	0.30	—	—	"
PHI P	F.17.50	—	—	2	0.50	—	—	"
PHI P	F.20	—	—	10	2	—	—	"
PHI P	F.22.50	—	—	20	4	—	—	"
RD C	F.150	165	16.50	10	16	—	—	F.166.30
RD C	F.160	547	8.50	149	10.20	36	12.50	"
RD C	F.170	650	6.70	94	4.80	—	—	"
RD P	F.140	—	—	15	0.60	—	—	"
RD P	F.140	100	0.20	4	1.50	—	—	"
RD P	F.150	20	0.40	18	3	7	3.90	"
RD P	F.160	302	1.80	14	6.60	—	—	"
RD P	F.170	150	6.80	—	—	—	—	"
UNI C	F.105	10	9	—	—	—	—	F.113.40
UNI D	F.110	6	4	—	—	—	—	"
UNI C	F.115	39	1	8	4	—	—	"
UNI P	F.105	3	0.50	10	1.50	—	—	"
UNI P	F.115	3	5.50	—	—	—	—	"
		Aug.		Nov.		Feb.		
BA C	$35	2	2⅜	—	—	—	—	$34¼
OXY C	$25	—	—	1	3⅛	—	—	$26
OXY C	$30	—	—	1	1⅛	—	—	"
SLB C	$110	7	6¼	1	14	—	—	$116
SLB C	$120	5	3	6	6⅝	—	—	"
VW C	DM.170	10	12.50	—	—	—	—	DM180.20
TOTAL VOLUME IN CONTRACTS						3103		

C=Call P=Put

EUROBONDS

The Association of International Bond Dealors Quotatioos and Yields appears monthly in the Financial Times. It will be published on the following dates io the remainder of 1980:

1980

July 14 August 12 September 15

October 14 November 11 December 16

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COMPANY NOTICE

Hydro Quebec 9½% Debentures due 1st July 1993

Debentures covering US$2,500,000 have been purchased on the market to satisfy the Purchase Fund due 1st July 1980.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 9, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	101.50
Albania	Lek	10.22
Algeria	Dinar	9.017
Andorra	French Franc	8.643
	Spanish Peseta	163.775
Angola	Kwanza	66.252
Antigua (S)	E. Caribbean $	6.356
Argentina	Ar. Peso Free Rate	4,300
Australia (S)	Australian $	2.0355
Austria	Schilling	29.555
Azores	Portug. Escudo	114.75
Bahamas (S)	Ba. Dollar	2.3505
Bahrain (S)	Dinar	0.885
Balearic Isles	Spa. Peseta	163.775
Bangladesh (S)	Taka	34.59
Barbados (S)	Barbados $††	4.701
Belgium	B. Franc	(cm) 66.515
		(fn) 66.55
Belize	B $	4.701
Benin	C.F.A. Franc	482.25
Bermuda (S)	Bda $	2.3505
Bhutan	Indian Rupee	18.35
Bolivia	Bolivian Peso	58.8
Botswana (S)	Pula	1.8485
Brazil	Cruzeiro ‡‡	118.91
Brit. Virgin Isles (S)	U.S. $	2.3505
Brunei (S)	Brunei $	4.995
Bulgaria	Lev	1.9590
Burma	Kyat	15.82
Burundi	Burundi Franc	211.87
Cameroon Republic	C.F.A. Franc	482.25
Canada	Canadian $	2.7045
Canary Islands	Spanish Peseta	163.775
Cape Verde Isle.	Cape V. Escudo	85.87
Cayman Islands (S)	Cay. Is. $	1.9587
Cent. Af. Repub.	C.F.A. Franc	482.25
Chad	C.F.A. Franc	482.25
Chile	C. Peso	(Bk) 91.65
China	Renminbi Yuan	3.4100
Colombia	C. Peso	(F) 107.115
Comoro Islands	C.F.A. Franc	482.25
Congo (Brazzaville)	C.F.A. Franc	482.25
Costa Rica	Colon	20.2145
Cuba	Cuban Peso	1.5982
Cyprus (S)	Cyprus £	0.812
Czechoslovakia	Koruna	(com) 12.20
		(c) 24.28
		(T) 20.46
Denmark	Danish Krone	12.8775
Djibouti	Fr.	402
Dominica (S)	E. Caribbean $	6.356
Dominican Repub.	Dominican Peso	2.3505
Ecuador	Sucre	(O) 58.99
		(F) 65.27
Egypt	Egyptian £	(U) 1.55
Equatorial Guinea	Peseta	163.775
Ethiopia	Ethiopian Birr	(P) 4.8160
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.8778
Fiji Islands	Fiji $	1.8855
Finland	Markka	8.5525
France	French Franc	8.645
French C'tyin Af*	C.F.A. Franc	482.25
French Guiana	Local Franc	9.645
French Pacific Is.	C.F.P. Franc	175
Gabon	C.F.A. Franc	482.25
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1475
Germany (West)	Deutsche Mark	4.1475
Ghana (S)	Cedi	5.42
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	101.08
Greenland	Danish Kroner	12.8775
Grenada (S)	E. Caribbean $	6.356
Guadaloupe	Local Franc	9.645
Guam	U.S. $	2.3505
Guatemala	Quetzal	2.3505
Guinea Republic	Syli	43.76
Guinea Bissau	Peso	78.278
Guyana (S)	Guyanese $	5.9937
Haiti	Gourd	11.75
Honduras Repub.	Lempira	4.72
Hong Kong (S)	H.K. $	11.5625
Hungary	Forint	(com) 73.4284
		(T)(nc) 48.5718
Iceland (S)	I. Krona	1,075
India (S)	Ind. Rupee	18.35
Indonesia	Rupiah	1,469
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6895
Irish Republic (k)	Irish £	1.1142
Israel	Shekel	10.86
Italy	Lira	1,949.5
Ivory Coast	C.F.A. Franc	482.25
Jamaica (S)	Jamaica Dollar	4.1946
Japan	Yen	509
Jordan (S)	Jordan Dinar	0.687(sg)
Kampuchea	Riel	8,890.6
Kenya (S)	Kenya Shilling	17.073
Kiribati	Australian $	2.0355
Korea (Nth)	Won	1.9875(ll)
Korea (Sth)	Won	1,396.76
Kuwait	Kuwait Dinar	0.628
Laos	Kip Pot Pol	940.76
Lebanon	Lebanese £	8.0070
Lesotho	Loti	1.8245
Liberia	Liberian $	2.3505
Libya	Libyan Dinar	0.6958
Liechtenstein	Swiss Franc	3.8300
Luxembourg	Lux Franc	66.515
Macao	Pataca	19.47
Madeira	Portug'se Escudo	114.75
Malagasy Republic	MG Franc	484.195
Malawi (S)	Kwacha	1.86
Malaysia (S)	Ringgit	5.0395
Maldive Islands (S)	Mal Rupee	9.242
Mali Repub.lc	Mali Franc	9.645
Malta (S)	Maltese £	0.802
Martinique	Local Franc	9.6825
Mauritania	Ouguiya	97.27
Mauritius (S)	M. Rupee	17.88
Mexico	Mexican Peso	53.80
Miquelon	C.F.A. Franc	482.75
Monaco	French Franc	9.655
Mongolia	Tugrik	(o) 6.185(ll)
Montserrat	E. Caribbean $	6.356
Morocco	Dirham	8.90(sg)
Mozambique	Moz. Escudo	65.15
Nauru	Australian Dollar	2.0355
Nepal	Nepalese Rupee	28.2228
Netherlands	Guilder	4.555
Netherland Antilles	Antillian Guilder	4.2075
New Hebrides	Franc	159
	Aust. Dollar	2.0355
New Zealand (S)	N. Z. Dollar	2.3700
Nicaragua	Cordoba	23.60
Niger Republic	C. F. A. Franc	482.25
Nigeria (S)	Naira	1.270648(sg)
Norway	Norway Krone	11.5875
Oman Sultanate of (S)	Rial Omani	0.811
Pakistan	Pakistan Rupee	23.10
Panama	Balboa	2.3505
Papua N.Guinea (S)	Kina	1.6530
Paraguay	Guarani	288.10
Peru	Sol	(exc)(A) 654.99
Philippines	Philippine Peso	17.10
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3740
Poland	Zloty	(Cm) 69.80
		(T) 69.20
Portugal	Portugu'se Escudo	114.76
Port Timor	Timor Escudo	114.75
Puerto Rico	U.S. $	2.3505
Qatar (S)	Qatar Ryal	8.59
Reunion Ile de la	French Franc	9.645
Romania	Leu	10.48
		(n/c) 28.13
Rwanda	Rwanda Franc	218.28
St. Christopher (S)	E. Caribbean $	6.356
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.356
St. Pierre	Local Franc	9.645
S. Vincent (S)	E. Caribbean $	6.356
Salvador El	Colon	5.88
Samoa American	U.S. $	2.3505
San Marino	Italian Lira	1,949.6
Sao To'e&Principe	Dobra	80.913
Saudi Arabia	Ryal	7.82
Senegal	C.F.A. Franc	482.25
Seychelles	S. Rupee	14.55(sg)
Sierra Leone (S)	Leone	2.4433
Singapore (S)	Singapore $	4.9960
Solomon Islands (S)	Solomon Is. $	1.9155
Somali Republic	Somali Shilling	(A) 14.168
South Africa (S)	Rand	1.8245
South West African Territories (S)	S. A. Rand	1.8245
Spain	Peseta	163.775
Spanish ports in North Africa	Peseta	163.775
Sri Lanka (S)	S. L. Rupee	37.30
Sudan Republic	Sudan £ (1)	1.17
Sudan Republic	Sudan £ (2)	1.88
Surinam	S. Guilder	4.2075
Swaziland (S)	Lilangeni	1.8245
Sweden	S. Krona	9.785
Switzerland	Swiss Franc	3.8300
Syria	Syria £	(A) 9.254
Taiwan	New Taiwan	(P) 84.518
Tanzania (S)	Tan. Shilling	18.8500
Thailand	Baht	47.75
Togo Republic	C.F.A. Franc	482.25
Tonga Islands (S)	Pa'anga	2.0355
Trinidad (S)	Trinidad & Tob. $	5.6412
Tunisia	Tunisian Dinar	0.931 (SG)
Turkey	Turkish Lira	181.94
Turks & Caicos	U.S. $	2.3505
Tuvalu	Australian $	2.0355
Uganda (S)	Uganda (S)	16.95
United States	U.S. Dollar	2.3505
Uruguay	Uruguay Peso	(cm) 20.85
		(fn) 20.83
Utd. Arab Emirates	U.A.E. Dirham	8.70
U.S.S.R.	Rouble	1.5950
Upper Volta	C.F.A Franc	482.25
Vatican	Italian Lira	1,949.5
Venezuela	Bolivar	10.09
Vietnam	Dong	(O) 5.1121
		(T) 4.8665(ll)
Virgin Islands U.S.	U.S. Dollar	2.3505
Western Samoa S.	Samoan Tala	2.0720
Yemen (Nth)	Ryal	10.64(SC)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8031
Yugoslavia	New Yugoslav Dinar	53.7586
Zaire Republic	Zaire	6.743
Zambia	Kwacha	1.81
Zimbabwe	Zimbabwe $	1.505

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 98.721. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

Dollar weak

The dollar lost ground against most currencies yesterday in generally dull trading, with business once again dominated by interest rate movements. Indication that U.S. rates may have to decline further in order to stimulate the economy, saw Euro dollar rates ease by over a quarter of a point. Three-month Euro-dollars fell to 9½ per cent from 9¾ per cent, and the one-year rate was lower at 9¼ per cent compared with 9¾ per cent on Friday. The dollar's weaker tendency prompted several central banks to intervene in the market, but the U.S. unit still finished towards the bottom of the day's range. Against the D-mark it fell to DM 1.7625 from DM 1.7720 and to SwFr 1.6225 from SwFr 1.6370. The Japanese yen was sharply firmer, and the dollar closed at Y216.40 against Y219.30. On Bank of England figures, the dollar's trade weighted index fell from 83.7 to 83.0.

Sterling was firmer all round but showed the strongest rise against the dollar. It opened at $2.3480 and rose on demand to $2.3555-2.3565 during the morning. At noon it stood at $2.3510, but support for the dollar saw the rate fall to $2.3485 at one point. Sterling closed at $2.3505-2.3515, a rise of 1.9c. On Bank of England figures, the pound's trade weighted index rose to 73.9 from 73.7, having stood at 74.1 at noon and 73.7 in the morning.

D-MARK—Showing renewed strength against the dollar and steady within the European Monetary System, following firmer rates in Frankfurt, and lower U.S. interest rates—The dollar fell to DM 1.7642 at yesterday's fixing in Frankfurt, down from DM 1.7742 on Friday. The Bundesbank bought $13.55m at the fixing and was probably active outside the fixing. The dollar was depressed by a continued easing in U.S. interest rates, while the sharp increase in West Germany's balance of payments deficit appeared to have little effect on trading. Within the EMS the D-mark was generally firmer, with the Belgian franc easing to DM 6.239 per BFr 100 against DM 6.242, and the French franc down at DM 42.99 per FFr 100 compared with DM 43.01. Outside the EMS, sterling rose to DM 4.1480 at the fixing against DM 4.1370.

BELGIAN FRANC—Much firmer within EMS following moves by the Belgian authorities to increase interest rates and defend the franc—The Belgian franc was generally weaker yesterday, but rose against the dollar. The U.S. unit was fixed at BFr 28.28 compared with BFr 28.42, while sterling rose to BFr 66.515 from BFr 66.29. Inside the EMS, the D-mark was firmer at BFr 16.0245 against BFr 16.015 and the French franc was quoted higher at BFr 6.8925 compared with BFr 6.89.

ITALIAN LIRA — Weakest member of the EMS, giving rise to rumours of devaluation which were later denied — The lira continued to lose ground against its EMS partners yesterday, with the D-mark rising to L470.81 from L469.75 at the fixing and the French franc to L202.52 from L202.05. The Dutch guilder rose to L428.73 from L427.82 and the Danish krone rose to L151.50 from L151.05. Sterling was higher at L1,954 compared with L1,943.6 at Friday's fixing, but the dollar slipped to L830.55

JAPANESE YEN — Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover — The dollar fell sharply against the yen in Tokyo yesterday, closing at Y217.7 compared with Y220.10 on Friday.

THE POUND SPOT AND FORWARD

June 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3480-2.3565	2.3505-2.3515	1.57-1.47c pm	7.76	4.12-4.02 pm	6.92
Canada	2.7000-2.7130	2.7040-2.7050	1.07-0.97c pm	4.53	3.10-3.00 pm	4.51
Nethlnd.	4.54-4.58	4.55-4.56	2⅛-1⅞c pm	9.26	6⅞-5⅞ pm	5.27
Belgium	66.30-66.65	66.50-66.60	15-5c pm	1.80	35-25 pm	1.80
Denmark	12.87-12.93	12.87¾-12.88¾	1¾-3ore dis	−2.04	7¾-8⅞ dis	−2.72
Ireland	1.1135-1.1180	1.1142-1.1152	0.04p pm-par	0.22	0.23-0.1e pm	0.74
W. Ger.	4.13¾-4.17	4.14-4.15	3⅛-2⅞pf pm	7.60	7⅛-6⅞ pm	6.88
Portugal	114.30-115.10	114.45-114.65	25c pm-15c dis	0.52	35pm-65dis	−0.87
Spain	163.50-164.20	163.55-163.85	10c pm-40c dis	−1.10	25pm-55dis	−0.37
Italy	1948-1954	1952¾-1953¾	1⅛-3¼lire dis	−1.84	12-14 dis	−2.66
Norway	11.37-11.42	11.38¾-11.39¾	7⅛-5⅞ore pm	6.92	16¼-14¼ pm	5.38
France	9.63-9.67	9.64¾-9.65¾	4⅛-3⅞c pm	4.97	10⅞-9⅞ pm	4.04
Sweden	9.75-9.80	9.78-9.79	2⅞-1⅜ore pm	2.36	4⅞-3⅞ pm	1.85
Japan	507-515	508¾-509¾	2⅞-1⅞y pm	4.72	7⅛-6⅞ pm	5.60
Austria	29.50-29.65	29.53-29.58	20-17gro pm	7.51	51-45 pm	6.50
Switz.	3.80-3.85	3.81-3.82	3⅞-2⅞c pm	10.82	10⅛-9⅞ pm	10.48

Belgian rate is for convertible francs. Financial franc 66.95-67.05. Six-month forward dollar 6.52-6.42c pm. 12-month 9.35-9.25c pm.

THE DOLLAR SPOT AND FORWARD

June 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3480-2.3565	2.3505-2.3515	1.57-1.47c pm		4.12-4.02 pm	
Ireland†	2.1060-2.1095	2.1075-2.1090	1.40-1.30c pm	7.68	4.10-4.00 pm	7.68
Canada	1.1490-1.1525	1.1497-1.1500	0.35-0.40c dis	−3.91	0.67-0.72 dis	2.42
Nethlnd.	1.9336-1.9390	1.9340-1.9355	0.13-0.23c dis	−1.12	0.65-0.75 dis	1.45
Belgium	28.25-28.30	28.28-28.30	12-14c dis	−5.51	35-38 dis	5.16
Denmark	5.4740-5.4870	5.4750-5.4765	4.25-4.75ore dis	−9.86	12.75-15.25dis	5.50
W. Ger.	1.7610-1.7650	1.7620-1.7630	par-0.10c dis	−0.34	0.05 pm-0.05dis	—
Portugal	48.70-48.85	48.72-48.82	20-35c dis	−6.77	70-120 dis	−7.80
Spain	69.63-69.73	69.67-69.72	40-50c dis	−7.75	110-130 dis	−6.89
Italy	829.25-830.70	830.00-830.50	6-7lire dis	−9.39	20.50-22dis	−10.28
Norway	4.8410-4.8510	4.8425-4.8440	0.15-0.65ore dis	−0.99	1.35-1.85dis	−1.34
France	4.1010-4.1070	4.1035-4.1055	0.77-0.87c dis	−2.40	3-3.20 dis	−3.02
Sweden	4.1590-4.1615	4.1605-4.1615	1.50-1.65ore dis	−4.54	5.25-5.40 dis	−5.12
Japan	216.30-217.90	216.35-216.45	0.40-0.50y dis	−2.77	0.50-0.70 dis	1.11
Austria	12.5625-12.59	12.56¾-12.57¾	0.2gro pm-0.4dis	−0.95	0.50-2.25dis	−0.28
Switz.	1.6215-1.6275	1.6220-1.6230	0.52-0.42c pm	3.48	1.56-1.46 pm	3.72

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 9	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.8	−31.9
U.S. dollar	83.0	−10.4
Canadian dollar	81.6	−16.1
Austrian schilling	133.4	+23.8
Belgian franc	115.5	+15.1
Danish kroner	107.0	−4.6
Deutsche mark	155.0	+44.5
Swiss franc	198.3	+80.1
Guilder	125.3	+18.1
French franc	101.2	−6.9
Lira	53.4	−60.9
Yen	150.6	+29.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.564999	0.608505
U.S. $	12	1.31786	1.41867
Canadian $	11.85	1.51936	1.63851
Austria Sch.	6¾	16.5729	17.9467
Belgian F.	14	37.4536	40.3102
Danish K	13	7.29436	7.85076
D'Mark	7½	2.33815	2.51637
Guilder	10	2.56719	2.76311
French Fr.	9½	5.43189	5.85148
Lira	15	1097.78	1181.92
Yen	9	288.676	312.019
Norwgn. Kr.	9	6.42457	6.89672
Spanish Pta.	8	92.1845	99.1556
Swedish Kr.	10	5.50800	5.93549
Swiss Fr.	5	2.16664	2.33163

OTHER CURRENCIES

June 9	£	$		£ Note Rates
Argentina Peso	4290-4310	1827-1834	Austria	29.40-29.70
Australia Dollar	2.0335-2.0378	1.1544-1.1550	Belgium	66.95-67.55
Brazil Cruzeiro	118.65-119.16	50.61-50.81	Denmark	12.85-12.95
Finland Markka	8.5475-8.5575	3.6320-3.6340	France	9.59-9.65
Greek Drachma	98.889-102.211	42.70-43.00	Germany	4.13-4.15
Hong Kong Dollar	11.552-11.572	4.9140-4.9170	Italy	1910-1972
Iran Rial	n/a	n/a	Japan	511-516
Kuwait Dinar (KD)	0.623-0.633	0.2670-0.2675	Netherlands	4.54-4.57
Luxembourg Frc.	66.50-66.60	28.28-28.30	Norway	11.35-11.45
Malaysia Dollar	5.034-5.045	2.1380-2.1400	Portugal	110.50-115.50
New Zealand Dlr.	2.3575-2.3725	0.9810-0.9920	Spain	158.25-165.50
Saudi Arab. Riyal	7.77-7.87	3.3280-3.3310	Sweden	9.76-9.82
Singapore Dollar	4.9916-5.0007	2.1220-2.1240	Switzerland	3.80-3.83
Sth. African Rand	1.8240-1.8255	0.7765-0.7756	United States	2.345-2.354
U.A.E. Dirham	8.65-8.75	3.7010-3.7040	Yugoslavia	60.00-70.00

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3325	+1.36	+0.51	±1.53
Danish Krone	7.72336	7.81826	+1.23	+0.38	±1.64
German D-Mark	2.48208	2.51668	+1.39	+0.54	±1.125
French Franc	5.84700	5.85442	+0.13	−0.72	±1.3557
Dutch Guilder	2.74362	2.76307	+0.71	−0.14	±1.512
Irish Punt	0.668201	0.676798	+1.30	+0.45	±1.668
Italian Lira	1157.79	1185.58	+2.40	+2.06	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.351	4.145	509.0	9.650	3.816	4.655	1953.	2.705	66.55
U.S. Dollar	0.425	1.	1.763	216.5	4.105	1.623	1.987	830.8	1.150	28.31
Deutschemark	0.241	0.567	1.	122.8	2.328	0.920	1.098	471.2	0.659	16.06
Japanese Yen 1,000	1.965	4.619	8.143	1000.	18.95	7.495	8.949	3837.	5.315	130.7
French Franc 10	1.036	2.436	4.295	527.5	10.	3.953	4.720	2024.	2.803	68.96
Swiss Franc	0.262	0.616	1.087	133.4	2.529	1.	1.194	512.0	0.709	17.44
Dutch Guilder	0.220	0.516	0.910	111.7	2.119	0.838	1.	428.8	0.594	14.61
Italian Lira, 1,000	0.512	1.204	2.122	260.5	4.940	1.953	2.332	1000.	1.385	34.07
Canadian Dollar	0.370	0.869	1.533	188.2	3.568	1.411	1.684	722.2	1.	24.61
Belgian Franc 100	1.503	3.533	6.298	764.8	14.50	5.733	6.844	2935.	4.064	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 9)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/2	offer 9 5/8	bid 9 1/2	offer 9 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	9⅛-8⅝	12-14	11⅛-11⅜	7-7½	9 11/16-10 1/16	12¼-12½	13-15	9⅛-9⅝	12¾-15
7 days' notice	17⅜-17⅝	8¼-9½	10-14	10⅞-11⅛	5-5½	9⅞-10	12⅜-12⅝	15½-20	9 5/16-9 11/16	12¼-12¾
Month	17¼-17½	8⅝-9⅞	12⅛-12⅞	10⅛-11⅛	5 9/16-6 3/16	9⅜-9 11/16	12⅜-12½	18½-20⅛	9 11/16-10 1/16	12½-19¾
Three months	16⅛-16⅞	9⅜-9⅝	11⅞-19¼	10¾-11	5⅞-6	8½-9⅝	12⅜-12½	18½-19½	9⅜-8⅛	11-11¼
Six months	15¼-15½	9⅜-9⅝	11½-11⅞	10½-10¾	5⅞-6	9 1/16-9 3/16	12⅜-19½	18-19½	9⅜-9½	10-10⅛
One year	14¼-14½	9¼-9½	10¼-10⅝	10⅛-10⅝	5 1/16-5 3/16	8½-8⅝	12⅝-12⅛	18⅛-19⅛	9⅜-9⅛	8⅞-9⅛

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.05-9.15 per cent; three-months 9.00-9.10 per cent; six-months 9.65-8.75 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar two years 10⅛-10⅜ per cent; three years 10¼-10½ per cent; four years 10⅝-10⅞ per cent; five years 10⅞-11⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Europe rates steady

European short-term interest rates showed little change yesterday, although day-to-day money in Frankfurt rose to 10.10-10.25 per cent from 9.80-9.90 per cent. Period rates were generally steady, however, but 12-month funds eased to 9.40-9.60 per cent from 9.50-9.70 per cent.

In Amsterdam, where upward moves in interest rates have tended to follow those in Germany, three- and six-month money were easier, but call was unchanged at 11-11½ per cent.

In Paris call money was unchanged at 12⅜ per cent and term rates were also steady. Funds to the market are in good supply, helped by last week's purchase of first category paper by the Bank of France.

Despite this, little change is expected in French rates in the near future, following the worsening trend in France's balance of payment, which showed a deficit of FFr 12.49bn on current account in the first quarter, plus mounting inflationary pressure.

In Singapore Overseas Union Bank, one of the big four commercial banks, cut its prime rate to 11½ per cent from 11¾ per cent, bringing it into line with the Overseas-Chinese Banking Corporation. Prime rates for the other two major banks, Development Bank of Singapore and United Overseas Bank, are 11½ per cent, but may be reduced in the near future, following the lower trend in money market rates.

MONEY RATES

NEW YORK	
Prime Rate	13
Fed. Funds	9½-10
Treasury Bills (13-week)	7.20
Treasury Bills (26-week)	7.32
GERMANY	
Discount Rate	7.5
Overnight Rate	10.175
One month	10.125
Three months	10.225
Six months	9.90
FRANCE	
Discount Rate	9.5
Overnight Rate	12.375
One month	12.4375
Three months	12.4375
Six months	12.3125
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.6875
Bills Discount (three-month)	13.5875

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities did not intervene. Banks brought forward moderate run-down balances, and repayment was made of the small amount lent to the market on Friday. On the other hand payment of the rate support grant contributed to a moderate surplus of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 16½-16¾ per cent for secured call loans at the start, and closing balances were taken at 15½-16½ per cent.

In the interbank market overnight loans opened at 16¾-17 per cent and eased to 15½-16 per cent, but picked up to around 17 per cent at the close.

LONDON MONEY RATES

June 9 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16¾-17	—	—	—	16⅝	16½-16⅝	—	—	—
2 days notice	—	—	16½-16⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17	16¾-16⅞	—	17⅜	—	—	—	—	—
One month	16 11/16-16 9/16	16 11/16-17	16¾-16⅞	17⅛-17⅞	17 1/16	16⅞	15½-16⅝	—	—	—
Two months	16¾-16⅝	16 11/16-16⅞	—	17¾-18¼	17¼	17⅜	16⅝	15⅝	17⅛	17½
Three months	16½-16⅜	16⅝-16¾	16⅝-16¾	16⅞-17¼	17⅛	—	16¼	16⅞	16¾	17½
Six months	15⅛-15	15¼-15 5/16	15½-15¾	15¾-16⅛	16⅛	17⅜	15⅞	15½	16⅜	16⅞
Nine months	14⅛-14	14¼-15½	—	15⅝-15¾	15⅜	17⅛	—	—	14⅝	15½
One Year	13 11/16-13 9/16	13⅞-14⅛	14½-14¾	15⅛-16⅛	14⅞	—	—	—	—	—
Two years	—	—	14½-14⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14½ per cent; four years 14½-14¾ per cent; five years 14½-14¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 11/16-15⅞ per cent; four-month trade bills 16⅝ per cent.

Approximate selling rates for one-month Treasury bills 15 29/32 per cent; two-months 15 25/32 per cent; three-months 15 21/32 per cent. Approximate selling rates for one-month bank bills 17 1/32-17 1/16 per cent; two-months 16 21/32 per cent; three-months 16 5/16 per cent; one-month trade bills 17½ per cent; two-months 16⅞ per cent; and three-months 16 9/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.3506 per cent.

GOLD

Sharp rise

Gold rose sharply in the London bullion market yesterday, closing at $624-628 per ounce, a rise of $25. Sentiment remained bullish as the metal attracted buying interest over the $600 mark. Unrest in the Middle East and the probability of further oil price rises were underlying factors behind the rise in gold. At one point it touched a best level of $628-632, but eased back towards the close, although the firmer tendency was continued in New York.

In Paris the 12½ kilo bar was fixed at FFr 80,500 per kilo ($610.09 per ounce) in the morning compared with FFr 80,500 ($609.75) in the morning and FFr 78,900 ($595.38) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,740 per kilo ($630.33 per ounce) against DM 34,240 ($600.00) previously and it closed at $621-615 per ounce.

	June 9		June 6	
Gold Bullion (fine ounce)				
Close	$624-628	(£265½-267½)	$595-603	(£258¼-258½)
Opening	$617-621	(£262-264)	$585-587	(£249½-251½)
Morning fixing	$627.30	(£266.794)	$596.00	(£256.432)
Afternoon fixing	$623.75	(£265.145)	$597.00	(£255.155)
Gold Coins				
Krugerrand	$641½-644½	(£273-275)	$615-620	(£264-266)
Mapleleaf	$637-642	(£271-274)	$610-615	(£260-264)
New Sovereigns	$158½-159½	(£67½-68½)	$152-154	(£65-66)
King Sovs	$183½-185½	(£78-80)	$179-181	(£76¾-78¾)
Victoria Sovs	$184-186	(£78½-80½)	$180-182	(£77¼-79¼)
French 20s	$156-160		$152-156	
50 pesos Mexico	$768-773		$740-745	
100 Cor. Austria	$613-612		$585-590	
$20 Eagles	$685-689		$672-675	
$10 Eagles	—		—	
$5 Eagles	—		—	

Michael Donne looks at aircraft manufacturers' plans for the next decade

A 1,000-seat Jumbo on the horizon

THE DAY of the 1,000-seater Jumbo-jet airliner is drawing steadily closer as airlines seek to keep their soaring costs under control by carrying more passengers on every flight. At the same time, the market for other types of new airliners of all kinds remains strong, despite some delays in ordering as a result of the recession, especially in the U.S. Manufacturers remain optimistic about the long term.

All the major airlines and aircraft manufacturers agree that, while the recession has slowed the rate of traffic growth in some countries (such as the U.S. and Western Europe where air travel is passing through a periodic trough), expansion remains high in the developing countries of the Third World. They believe that even in the developed countries it will recover in the early to mid-1980s, and then expand at a more rapid rate.

Estimates of passenger traffic growth through the early 1980s vary from 4.8 per cent to 6.6 per cent a year, which is lower than in the mid to late 1970s when it was about 9 per cent. But even this slower rate would lift the 1978 total of 488bn revenue passenger-miles flown (the international yardstick of air travel growth) to about 940bn by 1988.

Most airlines and aircraft manufacturers believe that the price of aviation fuel will continue to rise, and that by 1990, it could average about $2.80 a gallon, against today's level of 92 cents. The proportion of airlines' direct operating costs accounted for by fuel is going up steadily. In 1970 fuel accounted for about 22 to 25 per cent of such costs, by end-1979 it had reached 50 per cent, and it is expected to climb further during the 1980s. The balance of direct operating costs is accounted for by such items as salaries and wages of crews, the cost of maintenance and overhauls, landing fees and ground handling charges, and navigation and other charges, all of which are rising throughout the Western world.

Against this background the major airlines are thinking in terms of meeting as much of the traffic growth as possible by using bigger aircraft, and in some cases by trimming the numbers of flights made (although this is less evident than has been sometimes suggested, especially outside the U.S.).

What the airlines are not curbing, however, is fleet replacement programmes. They cannot afford to, for many of their existing jets are ageing, becoming increasingly fuel-thirsty and unacceptably noisy. While in the U.S. some airlines have deferred new fleet decisions, there is no question of them abandoning such plans, and a flood of new orders is likely to emerge in the latter part of this year, or early 1981.

Outside the U.S., there appears to be less reluctance to buy, and a steady stream of new orders for aircraft of all kinds has been flowing so far this year, although at a slower rate than in 1978 and 1979. This

The U.S. big three plan to stretch their "wide-bodied" jets

has largely benefited the big U.S. manufacturers, with Boeing especially capturing a big share for its 747 Jumbo, and its smaller highly successful 727 and 737 jets. The new twin-engined 767 has also done well, and although sales of the smaller twin-engined 757 have been slow, Boeing remains optimistic that it will announce some substantial new U.S. and foreign sales before the end of the year.

The U.S. manufacturers' estimates are that, through the 1980s about $100bn (in 1980 values) will be spent on about 3,000 airliners of all kinds. This is in addition to the cash already committed on over 2,000 new jet airliners ordered during the past 2½ years since the "re-equipment tide" began to flow in early 1978. A typical assessment of likely future market trends has been prepared by Lockheed (which builds the Rolls-Royce powered Tri-Star). It estimates that up to 1989 about $54bn will be spent on new purchases of current aircraft of all kinds (excluding all-cargo jets), with another $45bn likely to be spent on future types of aircraft either planned or already under development (like the A-310 Airbus and the Boeing 767 and 757 and the McDonnell Douglas DC-9 Super 80 and the Advanced Technology Medium Range transport). The table analyses the market as Lockheed sees it, but the other manufacturers' assessments are similar.

All the major manufacturers — Airbus Industrie, Boeing, Lockheed and McDonnell Douglas—have plans for new aircraft to meet the expansion they are confident lies ahead in the 1980s.

Airbus Industrie (in which British Aerospace has a 20 per cent stake) plans to modify the A-300 to seat up to 300 or more passengers against the present 250. It is also looking at a series of smaller twin-engined jets to seat between 130 and 160 passengers—the SA (for single-aisle) series—to supplement the 200-seat A-310 already under development.

In the U.S. the three big builders all have plans to stretch their own "wide-bodied" jets—the Boeing 747 Jumbo, the Lockheed TriStar and McDonnell Douglas DC-10. The most active is Boeing, already committed to stretching the upper deck of the existing 747 by 280 inches, to give up to 66 seats against the present 32 in that section, thereby raising the load to 496 passengers. This aircraft will be available by the spring of 1983.

But beyond this, Boeing is studying even bigger stretches of the Jumbo, in which British Airways in particular is very interested. One is an aircraft that will be able to carry 571 passengers, by stretching the basic fuselage by 23 feet, and extending the upper deck by 27 feet.

Another version could be made to carry 630 passengers, by stretching the fuselage by 49 feet, and also lengthening the upper deck by 38 feet. Also under consideration is a 633-seater, that would have the same fuselage length as present aircraft, but with the upper deck stretched all the way to the tail.

Looking further ahead, Boeing is studying the possibility of building on top of the existing Jumbo fuselage. A second fuselage of the size of the new 767 airliners would give a "double bubble" cabin, seating up to 660. If that were stretched another 20 feet, up to 700 passengers could be accommodated. Boeing says that a 1,000-seater Jumbo is technically feasible, although whether airlines will ever want to go that far remains to be seen.

A stretch of that nature would not only require much more powerful engines than those available today, but also a new, more aerodynamically efficient wing to carry the bigger loads. Thus, it would amount to virtually a new airliner, and would be very costly to undertake, with engineering costs of several hundred million dollars.

Boeing has not yet made up its mind which of these ideas it will undertake. The main criterion is demand. If airlines want enough of a particular type of stretched aircraft, Boeing will build it, but it wants to move ahead in an orderly manner, and it seems likely that even the 700-seater is still some years away.

McDonnell Douglas may decide this year whether to launch its Advanced Technology Medium Range aircraft.

MARKET FOR WORLD COMMERCIAL JET TRANSPORTS

PRODUCT ASSUMPTIONS, 1980-89*

Category	Market	Current models		Future models	
Short range	$17bn 975 aircraft	B737 DC9	$7bn	F-29 757	$10bn
Short/medium range	$42bn 1,310 aircraft	B727 A300 DC-10 L-1011	$17bn	A310 767 L-1011-long body DC-10 long body ATMR	$25bn
Long range	$40bn 765 aircraft	B747 B747SP DC-10-30 L-1011-500	$30bn	747-derivative DC-10-30 stretch L-1011-500 VLR (Very long range)	$10bn
Totals†	$99bn	$54bn		$45bn	

* Excludes all-cargo aircraft. † 1980 dollars

Source: Lockheed California Company

Further down the U.S. West Coast, at Burbank, California. Lockheed also has ideas in the project office for bigger versions of the TriStar, which would progressively push up the passenger total from 276 to 356, with extensions to the fuselage and rearrangements of internal galley systems to give more flexible seating arrangements. Lockheed is also considering an all-cargo version of the TriStar. On the other side of Los Angeles, at Long Beach, McDonnell Douglas is looking at various stretched versions of the DC-10.

McDonnell Douglas is especially anxious to improve the image of the DC-10. It admits that last year's grounding of the jet by the U.S. Federal Aviation Administration, following the accident in May at Chicago, probably harmed sales. But the FAA in its final investigation report cleared the aircraft, laying the blame for the crash on damage caused to the engine pylon by the maintenance techniques of the airline involved.

Apart from performance improvements to the DC-10, McDonnell Douglas is putting much of its current engineering and marketing effort into two new, smaller short-to-medium range airliners, the DC-9 Super 80 of 130-160 seats, and the Advanced Technology Medium Range (ATMR) transport of 178 seats. The DC-9 Super 80 is a contender for the newly emerging market for a 130-160 seater in which Airbus Industrie is interested with its SA series of jets, while in the same market Boeing offers its new version of the 737, the Series 300. The ATMR is in direct competition with the Boeing 757 twin-engined jet airliner, already under development.

McDonnell Douglas now has orders for more than 100 DC-9 Super 80s, with the first due for delivery this summer to Swissair. But it has not yet decided to launch the ATMR. The development programme would be expensive, probably costing as much as $1.5bn, and McDonnell Douglas wants to be certain of the market before committing such sums. But airlines are showing growing interest, and a formal launch decision could come before the end of 1980.

These new U.S. aircraft ventures in the short-to-medium haul class pose a serious problem for Europe's Airbus Industrie, which must make up its mind this year whether to build its SA class of short-range jets to compete with the four U.S. types—the DC-9 Super 80, the ATMR and the Boeing 757 and 737-300 in varying seating categories up to about 170 passengers.

The market through the 1980s for this class of aircraft is collectively estimated to be worth close to $60bn, and to cover some 1,200 or more aircraft. So far, Airbus Industrie is not represented—its 200-seat A-310 is in a larger class, competing directly with Boeing's own larger 767 airliner. If Airbus Industrie does not start the SA series soon, Europe could be giving away one of the biggest airliner markets of all time to the U.S.

CONTRACTS

Manston (Contractors) gain £6m orders

MANSTON (CONTRACTORS), Westland Square, Leeds, has won contracts worth more than £6m. The orders cover industrial contracts for Filtrate, Norcros (Investments), Atlas Hydraulic Loaders, Howson Algraphy, Coca Cola and a large catering unit for Air Cuisine at Luton Airport.

★

The Birmingham office of WIMPEY CONSTRUCTION UK has won a design and build contract valued at £2.5m for the new Grundig central warehouse and sales and service centre at Mill Road, Rugby, for Grundig International. The contract includes a 7,200 square metre warehouse and a 2,800 square metre sales and service centre—the centre including offices and a workshop.

The buildings will be on massed concrete foundations and in structural steel frame with pvc covered steel cladding on walls and roofs. The project also includes all site services together with the redevelopment of railway sidings and hardstandings for cars and trucks. Work is due to start this month and is scheduled for completion by next March.

★

Merseyside County Council, at present an ICL user, has ordered computer equipment from SPERRY UNIVAC worth £1.5m. The system will be used for routine county authority functions and will be housed in new accommodation in the centre of Liverpool.

★

Export orders worth more than £650,000 have been awarded to JAMES CLARK AND EATON, for glazing two banks in Saudi Arabia. In addition the company has won a £120,000 contract for the design, supply and installation of two large suspended glass assemblies for the research building at the University of Petroleum and Minerals, Dhahran, Saudi Arabia.

★

M. L. SHELLEY AND PARTNERS, part of the Deacon Industrial Group has won a £400,000 Saudi Arabian order. Placed by David Williams International, it is for two packaging machines together with two blanking presses, moulds and spares, and an extruder supplied by Betol Machinery of Luton, another Deacon plastics company. The machines will be used to produce egg boxes and trays at a new factory to be built by a group of Saudi Arabian businessmen.

★

TAYWOOD-SANTA FE has been awarded a contract for the provision of a project management team to direct the offshore development of the Morecombe Bay gas field on behalf of Hydrocarbons Great Britain (a wholly-owned subsidiary of the British Gas Corporation). This project is part of British Gas' plans to invest £4,000m on capital projects over the next five years. A multi-platform development of the field is likely and platform installation will be phased.

★

The northern construction division of WILLIAM PRESS AND SON, has been awarded a £1.4m contract by Durham County Council, for the construction of a refuse treatment plant at Thornley Station, County Durham. William Press will be responsible for site management, overall supervision of the construction work, and for the supply of labour and materials. Work starts on July 1 and will last for 12 months.

★

Two orders for concentrator plants worth around £900,000 have been obtained by Sala (UK), a subsidiary of the Allis Chalmers Corporation. One is for tin pre-concentration for COMSUR in Bolivia. The second is a three-product Krebs cyclone plant which forms the heart of the new baryta concentrator for S.P.O. Minerals Golconda project in Derbyshire, including equipment for milling, floatation, thickening and filtration of concentrates and tailings.

★

A communication satellite earth station in Poland—operating as part of the International Telecommunications Satellite Organization (INTELSAT)—will provide the first direct satellite communications between that country and North America. A $5.5m (£2.3m) contract to design and install the facility has been awarded to GENERAL TELEPHONE AND ELECTRONICS, U.S. by Unitra Foreign Trade Enterprise, Warsaw. Financing for the project, to become operational during the summer of 1981, was provided by the U.S. Export-Import Bank and by commercial leaders.

★

CLUGSTON CONSTRUCTION, Scunthorpe, has been awarded a £1.2m contract by Lincolnshire County Council to build an office block at the county offices, Lincoln. The work which starts this month comprises a four-storey office block and basement of about 4,000 sqare metres total floor area. The new block is to be joined to the existing office block by a bridge.

★

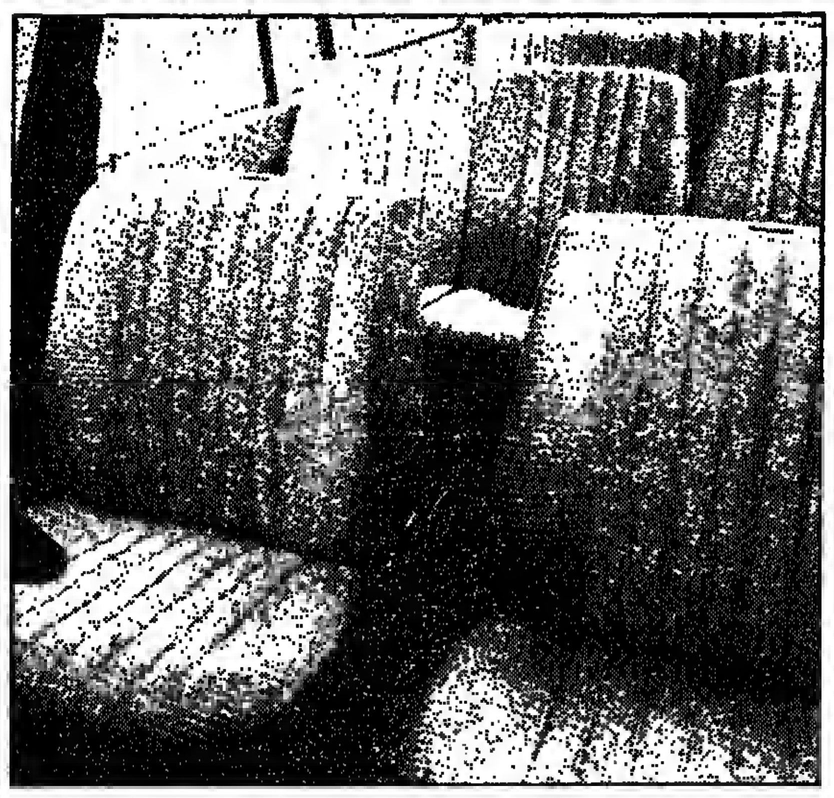
A contract worth £93,000 has been awarded by Warrington Development Corporation to ROBERT McGREGOR AND SONS, Manchester, for construction of a footbridge across Oakwood Gate, a dual carriage-way road in the Birchwood district of Warrington New Town.

The Peugeot 504 Family Estate is the favourite for all the family. Because with its *three rows of forward-facing seats* it's the sumptuous solution to your transport problems.

The cloth-upholstered seats are deep and comfortable, because more comfort for the family and their friends means a more relaxed atmosphere for the driver, and a safer journey for everyone.

The 504 Family is big, comfortable and simplicity itself to drive, with *power-assisted steering* to make light work of town traffic and parking. The rally-proven 1971 cc engine is as smooth as it is powerful, and gives the Family *a top speed of 101 mph.*

Above all, the 504 Family is a really practical car. The wide-opening doors mean easy access, and childproof locks built into the rear doors mean your children won't get out unless you want them to. And because there's real space in both the rear rows of seats, the Peugeot Family is as popular with your friends and business associates as it is with your family. Even with eight people and their luggage, the 504 Family will still give



Three rows of forward facing seats (Front seat head restraints not shown).

you a superb ride–thanks to the extra-long wheelbase and the specially developed suspension system.

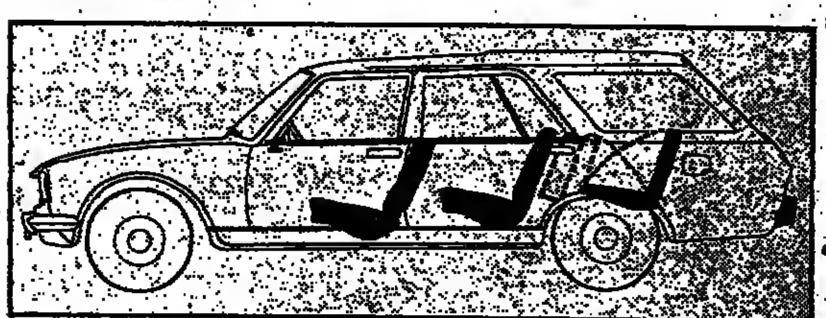
If you're towing a boat, caravan or horsebox, the 504 Family has the power to cope with a load of up to 1½ tons (1500 kg). And remember there's also a diesel version, to give you the same passenger comfort advantages and the same Peugeot reliability with extra economy. On the continent, of course, diesel can save you over *40 per cent* of your fuel bills, and that's before you take into account a fuel consumption figure of 37 mpg.* Instead of making the family fit the car, we've made the car to fit the family. But with all that style and comfort, the 504 is still totally practical. Even with the third row of seats in use, there's still 15 cu ft of space for luggage (with the spare wheel stowed under the boot floor). And when you don't need that third row of seats, fold it down for *34 cubic feet of space.*

With more than a million cars sold throughout Europe, the Peugeot 504 has been proved to be as rugged as it is elegant. That's because it's been built to last, using the finest materials available. To back this, there's a twelve-month unlimited mileage warranty, which we offer confidently, thanks to our detailed quality control procedures. (One in eight of all factory staff are engaged exclusively on quality control.) Peugeot strength also means main services only once every 10,000 miles**– so your car stays on the road, not in the service bay.

The 504 Estate range also includes other large-capacity hard-working estates, with diesel or petrol power. So if you don't need the sophistication of the Family, you'll still find a 504 to suit you.

But if you do need space, style and comfort to spare, then the 504 Family is the car for you. Why not take the family for a test run today?

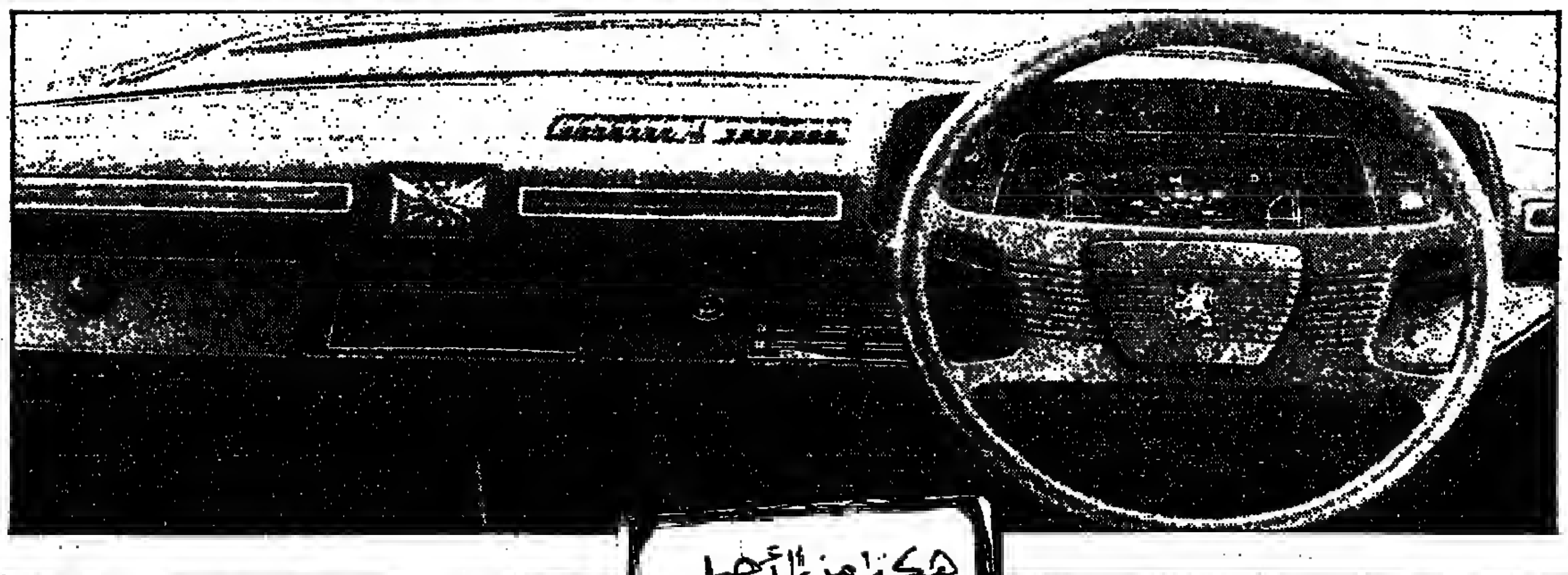
**Diesel service intervals: 6000 miles



*Fuel consumption

	at a constant 56 mph (90 km/h)	at a constant 75 mph (120 km/h)	urban driving
Family Estate –manual	35.7 mpg (7.9L/100 km)	26.4 mpg (10.7L/100 km)	21.5 mpg (13.1L/100 km)
–automatic	31.0 mpg (9.1L/100 km)	24.1 mpg (11.7L/100 km)	23.3 mpg (12.1L/100 km)
Family Diesel Estate–manual	37.7 mpg (7.5L/100 km)	27.2 mpg (10.4L/100 km)	30.1 mpg (9.4L/100 km)

Petrol consumption in accordance with official Government test procedure



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Further fall in short-term rates boosts dollar bonds

BY PETER MONTAGNON

DOLLAR Eurobonds firmed sharply yesterday to close with gains of about one point on average. This came on the back of a very strong domestic market in New York and further declines in short-term interest rates.

Eurodollar rates shed ½ points to 9½ per cent in the three-month position. This was fractionally below the equivalent rate of 9⅞ for marks.

Dealers reported strong buying from retail buyers in Europe and the U.S., while professional short-covering also helped push prices up.

The World Bank's new $300m issue met strong demand despite its 10¼ per cent coupon, which is low compared with recent issues in the dollar sector. It was quoted at a ⅝ point discount which is substantially below the 1½ per cent selling concession.

Another issue to benefit from the strong market was the 11¼ per cent Hudson's Bay bonds, original 11½; now the amount has been raised to $75m from $50m.

ENEL is to float a $100m seven-year FRN through Daiwa Securities on the Asia dollar Market. The notes bear interest at a ¼ per cent over interbank rates and the issue is managed by Daiwa Securities.

The coupon has already been reduced by ¼ point from the

In the money market, Bank of America is floating a $150m, 10½ per cent five-year CD issue through Credit Suisse First Boston. This is the first fixed rate tranche issue of CD's in the London market since 1978 and the amount is also believed to be a record. IC Industries, meanwhile, is floating a $100m of Euro-commercial paper in the London market through Merrill Lynch International. The paper will be sold in maturities of 90 or 180 days at a ¼ margin over Libor.

Canadian dollar bonds were also firmer by ½ point yesterday. The Federal Business Development Bank is to issue C$50m of 11½ per cent bonds due 1990 with Wood Gundy as lead manager. Indicated price is par and final terms will be set on June 16.

Prices on the secondary market for Deutsche Mark foreign bonds were virtually unchanged on balance yesterday and dealers reported a very small turnover in trading.

Meanwhile, two new issues have been launched on the Swiss franc market. The Niederoesterreichische Elektrizitaetswirtschaft is borrowing SwFr 80m for 10 years at 5¾ per cent priced at 100½ lead-managed by Credit Suisse. Nordfinanz-Bank, together with Banque Scandinavia en Suisse, has arranged a private placement of SwFr 100m for seven years for the Kingdom of Sweden. The coupon is 6 per cent and is priced at 100½ to yield 5.93 per cent.

Chase Manhattan Bank to offer U.S. dollar CDs in Hong Kong

BY DAVID DODWELL IN HONG KONG

CHASE MANHATTAN BANK yesterday announced that it is to begin issuing certificates of deposit (CDs) in Hong Kong denominated in U.S. dollars. It is the fourth bank here to do so in recent weeks. The development presents a challenge to Singapore, which has led in the development of the Asia dollar CD market.

Chase Manhattan revealed that its Guam-branch U.S. dollar CDs will be available in Hong Kong from Monday, with a minimum deposit of U.S.$5,000. These will be available through Chase branches in private banking centres including Singapore, London and Zurich, as well as Hong Kong. Maturities will vary from one month to one year.

Recently the Bank of Tokyo and Fuji Bank followed the lead of the European Asian Bank by issuing US dollar CDs in Hong Kong. Until then the only CDs issued in the Colony had been denominated in Hong Kong dollars.

In the past, banks in Hong Kong have been inhibited through fears that U.S. denominated issues would be subject to a local 15 per cent withholding tax which is levied on interest generally.

However, after the European Asian Bank broke new ground by revealing that Hong Kong Government tax officials felt such issues would be exempted from the withholding tax it was certain that other banks would follow quickly.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on June 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	94	94½	+0½	+2¼	11.04
Australian Res. 9¾ 84	30	97	97½	+1¼	+2¼	10.46
Beneficial Fin. 9½ 87	100	94⅞	95⅜	+1¼	+3¼	10.76
CECA Grad. Rate 12 88	100	99⅞	100⅜	+0⅛	+2¼	11.90
CECA 11⅞ 90	50	99⅞	100⅜	+0⅛	+1¼	11.60
CECA 11½ 88	100	101⅞	102⅜	+0⅛	+2⅛	11.08
Canadian Pacific 9¾ 89	50	94⅞	95⅜	+1⅛	+2⅞	10.66
Carter Hawley 9¾ 86	50	94⅞	94⅞	+1⅛	+2⅞	11.00
Continental Grp. 9¾ 86	100	95	95½	+1⅛	+2⅞	10.72
Denmark 11¾ 90	200	100⅞	101⅜	+0⅞	+2⅞	11.56
Dome Petroleum 13½ 92	50	104⅛	104⅞	+0⅛	+2⅞	12.73
EIB 11⅛ 92	80	100⅞	101⅜	+0⅛	+2⅞	11.54
EIB 13⅜ 90	100	110⅛	110⅞	+1⅛	+3⅛	11.89
Eksportfinans 11⅝ 87	50	101⅞	102⅜	+0⅛	+2⅜	10.92
Export Dv. Cpn. 9¾ 84	150	97⅜	98	+0⅛	+2	10.41
Export Dv. Cpn. 12⅜ 87	100	107⅜	107⅞	+0⅛	+2⅞	11.16
European Comm. 11 95	75	97⅜	[illegible]	+1⅛	+1⅛	11.26
Federal Dev. Bk. 12⅜ 85	75	106⅜	106	+0⅛	+2⅛	10.68
Ford O/S Fin. 12⅜ 85	250	102	102⅜	+0⅛	+1⅛	11.98
George Weston 13½ 87	30	107⅜	108⅜	+2⅛	+2⅞	12.27
GTE Finance 9¾ 89	55	88⅞	89⅜	+2⅛	+4⅛	11.56
GMAC 9¾ 86	100	93⅞	94	+0⅞	+2⅛	10.71
GMAC O/S Fin. 11 84	100	100⅞	101⅛	+1	+2⅛	10.73
GMAC O/S Fin. 13⅛ 85	100	107⅜	107⅞	+0⅛	+2⅞	11.29
Goodyear O/S 12⅜ 87	75	99⅞	99⅞	+1⅛	+1⅞	12.58
ICI Fin. Ned. 11 83	100	101⅛	101⅝	+0⅛	+1⅛	10.43
Kennecott Int. 9⅜ 86	100	89⅞	89⅞	+1⅞	+2⅞	12.30
McGraw 13⅛ 85	75	107⅛	107⅞	+1⅛	+2⅛	12.62
Michelin 10 94	125	93⅞	94⅜	+2⅛	+2⅞	11.00
Nat. Des. Telecm. 9⅜ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 9⅜ 89	75	90⅞	91	+2⅛	+2⅞	11.40
Newfoundland 10 94	50	91⅛	91⅞	+1⅛	+1⅞	11.35
Norway 9½ 84	150	97⅞	97⅞	+0⅛	+2⅛	10.75
Norwest Ind. 13⅜ 87	50	100⅞	101⅛	+1⅛	+1⅞	11.75
Nova Scotia Pwr. 9⅜ 89	50	[illegible]	[illegible]	+1	+2⅛	11.01
Royleese Ltd. 11⅞ 85	50	102⅞	102⅞	[illegible]	[illegible]	10.59
SNCF 12⅜ 85	50	106⅛	106⅞	+0⅛	+2⅛	10.57
Statoil 9⅜ 89	100	94⅛	95	+1⅛	+2⅞	10.54
Swed. Ex. Cred. 12⅜ 86	40	107⅞	108⅛	+1⅛	+2	11.27
Sweden 9⅜ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9⅜ 84	100	97⅞	98⅜	+1⅛	+2⅛	10.38
Warner-Lambert 9 84	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 10½ 86 C$	50	92	94	+0⅛	−0⅛	11.96
R. Bk. Canada 10 88 C$	40	93⅜	94⅞	+0⅛	+0⅛	11.44
R. Bk. Canada 10 94 C$	40	87⅞	88⅞	+0⅛	0	11.79
Tordom Cpn. 13½ 85 C$	34	103⅞	104⅞	+0⅛	+0⅛	12.32
M. Bk. Dnmk. 9 91 EUA	25	95⅞	96⅜	+0⅛	0	9.61
SOFFE 8⅜ 89 EUA	40	86⅜	87⅞	−0⅛	+0⅛	10.53
U. Bk. Nrwy. 9⅜ 90 EUA	18	97	98⅜	−0⅛	−0⅛	9.85
Algemene Bk. 8⅜ 84 Fl	75	97⅞	97⅞	+0⅛	+0⅛	8.92
Ned. Gasunie 8⅜ 84 Fl	50	98⅜	99⅜	0	−0⅛	9.05
Ned. Middbk. 8⅜ 84 Fl	75	96	96⅛	−0⅛	−0⅛	9.45
Norway 8⅜ 84 Fl	100	97	97⅜	0	−0⅛	9.12
Norway 8⅜ 84 Fl	100	97⅜	97⅞	+0⅛	+0⅛	8.92
Philips Lampe 8⅜ 84 Fl	75	97⅞	98	0	0	8.98
Air France 11 84 FFr	120	94⅞	95⅛	+0⅛	−0⅛	12.59
CECA 14⅛ 86 FFr	150	104⅞	106	+0⅛	+0⅛	13.03
Euratom 9⅜ 87 FFr	150	84⅞	85	−0⅛	0	13.28
Finland 11 84 FFr	80	93⅞	94⅛	−0⅛	−0⅛	12.80
Finland 11½ 89 FFr	70	92⅛	92⅞	0	+0⅛	12.90
Gaz de France 11 84 FFr	150	94	94⅞	−0⅛	−0⅛	12.70
IBM France 11⅞ 84 FFr	120	96⅞	97⅜	+0⅛	+0⅛	12.65
Renault 9⅜ 85 FFr	100	85⅜	86⅜	0	+0⅛	13.71
Saint-Gobain 9⅜ 86 FFr	130	84⅜	85⅜	−0⅛	+0⅛	13.55
Solvay et Cie 9⅜ 87 FFr	125	82⅞	83⅜	0	+0⅛	13.78
Beneficial Fin. 14⅛ 90 £	20	98⅜	99⅜	0	+0⅛	14.47
Citicorp O/S 13⅜ 90 £	50	98	98⅜	+0⅛	+0⅞	13.78
FIS 11⅜ 91 £	25	81⅜	82⅜	0	+0⅛	12.74
Fin. for Ind. 12⅜ 89 £	30	96⅜	97⅜	0	+1	13.05
Fin. for Ind. 14⅛ 88 £	20	101⅛	101⅞	+0⅛	+0⅛	13.13
Gen. Elec. Co. 12⅜ 89 £	50	97⅜	98⅜	0	−0⅛	12.89
Swed. Ex. Cr. 15⅜ 85 £	20	102⅜	103⅜	+0⅛	+0⅛	13.35
Indonesia 8⅜ 81 KD	7	†93	93⅜	0	0	8.77
Mitsubishi 7⅜ 84 KD	10	†92⅜	93	0	0	9.73
Norges Kom. 7⅜ 89 KD	12	†93⅜	93⅜	0	0	8.55
Occidental 8⅜ 91 KD	7	†90⅞	90⅞	0	0	9.69
Akzo 8⅜ 87 LuxFr	500	†92⅞	93⅜	0	−0⅛	10.59
Euratom 8 87 LuxFr	500	87⅞	88⅜	+0⅛	+1⅛	10.58
Euratom 9⅜ 88 LuxFr	500	97⅞	98⅜	0	+0⅛	10.14
[illegible] 9⅜ 88 LuxFr	600	96⅞	97⅜	−0⅛	+0⅛	10.24
Volvo 9⅜ 87 LuxFr	500	96⅞	97⅜	0	−0⅛	10.32

Average price changes... On day +1 on week +2½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	102⅛	103⅛	—	—	7.57
Asian Dev. Bank 10 90	200	108⅞	109⅜	+0⅛	+0⅛	8.57
Australia 8⅜ 90	250	101⅛	102	+0⅛	+0⅛	7.87
BFCE 7⅜ 87	100	98⅛	99	+0⅛	+0⅛	7.99
BFCE 8⅜ 95	100	98⅞	99	+0⅛	0	8.28
Brazil 8 87	150	[illegible]	[illegible]	−0⅛	−0⅛	8.87
CECA 7 81	150	91⅞	92⅛	+0⅛	+0⅛	8.10
Council of Eur. 7⅜ 89	100	94⅛	95⅛	+0⅛	+0⅛	8.08
Denmark 7⅜ 86	100	97⅛	98⅛	+1⅛	+0⅛	8.32
Denmark 8⅜ 92	100	98⅜	99⅜	−0⅛	+0⅛	8.36
EEC 7⅜ 94	225	98	98⅜	+0⅛	+0⅛	8.06
EIB 7½ 89	200	97⅜	98⅛	−0⅛	+1⅛	7.86
Finland Rep. of 8 86	150	98	98⅜	+0⅛	+0⅛	8.32
Kobe, City of 7⅜ 89	150	[illegible]	[illegible]	+0⅛	+0⅛	7.70
Neder. Gasunie 8 86	100	100⅜	101⅛	−0⅛	−1⅛	7.76
Norway 7⅜ 85	250	99	99⅜	0	+0⅛	7.65
OKB 7⅜ 89	100	[illegible]	[illegible]	+0⅛	+0⅛	7.99
Oslo, City of 8⅜ 90	80	101	101⅛	−0⅛	+0⅛	8.63
Sweden 9⅜ 87	200	106⅜	107	[illegible]	[illegible]	[illegible]
World Bank 7⅜ 91	400	97⅜	98	−0⅛	+1	8.08
World Bank 7⅞ 90	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 86	150	107⅞	108⅜	+0⅛	+0⅛	8.28
World Bank 10 89	200	[illegible]	[illegible]	+0⅛	+1⅛	8.46

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	†96	96½	+0⅛	+3	5.85
Aumar 5 89	80	[illegible]	[illegible]	+0⅛	−0⅛	5.87
Bergen, City of 4¾ 91	40	96⅜	97	−0⅛	+3⅜	5.16
Bergen, City of 6 90	80	†103	103½	—	+0⅛	5.57
BNDE 5 89	75	92⅜	93⅛	+0⅛	+0⅞	5.07
BMW Overseas 4¾ 91	100	105⅞	105⅞	0	+0⅛	6.24
Bohm'n-Tetterode 7 90	40	94⅜	95⅛	0	+1⅛	5.07
Caisse Nat. Tele. 4¾ 89	100	102⅞	103	−0⅛	−0⅛	5.37
CCCE 5⅜ 90	100	†90	90½	0	+0⅛	5.89
Copenhagen 4½ 91	60	95	95½	+0½	0	5.66
Council of Eur. 5 89	100	92½	93	−1	+0⅛	5.39
EIB 4½ 91	100	87½	88	0	+0⅛	5.65
EIB 4¾ 94	100	95⅜	95⅜	0	+1⅛	5.00
Elec. de France 4¾ 89	100	92	93	+0⅛	+0⅛	5.28
GZB 4¾ 89	100	94⅜	95⅛	+1⅛	+1⅛	4.84
Hilti 4½ 91	35	93⅜	[illegible]	+0⅛	+1⅛	5.38
Int.-Amer. Dev. 4¾ 89	100	91⅜	91⅞	−0⅛	+0⅛	5.38
Int.-Amer. Dev. 7 90	80	108⅜	108⅞	+0⅛	+0⅛	6.10
Jutland Tele. 5½ 90	60	100⅞	100⅞	−0⅛	−0½	6.43
Molysaje 5 89	90	†90	90½	−0⅛	−0⅛	6.41
Nippon Tel. & T. 4¾ 89	100	94⅛	94⅜	−0⅛	+0⅛	5.00
Nordic Bank 5 89	45	96½	97	−0½	−0⅛	5.46
Norges Komm. 4¾ 91	100	[illegible]	[illegible]	−0⅛	−0⅛	5.77
OKB 4¾ 91	100	92⅜	91⅞	−0⅛	+0⅛	5.38
OKB 6 90	100	†104	104½	+0⅛	+0⅛	5.43
Oslo, City of 4¾ 91	100	90⅞	91	−0⅛	+0½	5.49
Shikoku El. Pwr. 4¾ 89	100	94	94⅜	−0⅛	+0⅛	5.58
Steweag 4¾ 91	60	†95⅜	96⅜	+0⅛	+1⅛	5.30
Voest-Alpine 4¾ 89	90	96⅜	97⅜	−0½	+0⅛	5.18
World Bank 4¾ 89	100	95⅜	96⅜	+0⅛	+1⅛	5.18
World Bank 4¾ 89	150	92⅜	92⅞	+0⅛	+0⅛	5.42
World Bank 4¾ 91	100	92⅞	93⅛	0	+0⅛	5.43

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	93⅛	0	+0⅛	8.28
Australia 6½ 88	20	88⅛	89⅛	+0½	+1⅞	8.42
EIB 7⅜ 89	12	93⅜	95⅛	0	+0⅛	8.89
Finland 5.6 83	10	91⅜	92⅛	0	+0⅛	8.38
Finland 5.8 88	10	89	90	0	+0⅞	8.74

Average price changes... On day 0 on week +1½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	94⅞	95⅞	+0⅞	+0⅛	11.32
CIBC 13½ 85 C$	50	104⅛	104⅞	+0⅛	+1⅛	12.18
Cr. Foncier 10⅜ 84 C$	30	†92½	93½	+0⅛	+1	12.55
Fst. Can. Inv. 10 84 C$	50	93⅜	94⅜	+0⅛	+0⅛	12.03
OMAC 12 85 C$	50	†99⅜	100⅜	+1⅛	+1⅛	12.00

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅜ 87	0⅛	97⅞	98⅜	2/7	15⅛	15.41
Banco di Roma Int. 6 87	0⅛	100⅛	100⅜	26/10	15.37	15.26
Bank of Ireland 5⅜ 89	‡0⅛	98⅜	98⅜	21/8	11.81	12.01
Bank of Tokyo 5⅜ 88	‡0⅛	98	98⅜	25/10	16.56	16.85
Barclays O/S Inv. 5 90	0⅛	97⅞	98⅛	13/6	14⅛	14.54
Bergen Bk. A/S 6 89	‡0⅛	97⅜	97⅜	29/8	10	10.26
Bque. Indo Suez 5⅜ 89	0⅛	98⅞	99⅛	11/7	18.69	14.82
Citicorp O/S F. 6 94	‡0⅛	98⅜	98⅜	8/8	12.81	13.10
Citicorp O/S F. 83	§10	99	99⅜	23/8	10.19	10.26
Citicorp O/S F. 84	50	98⅜	98⅜	30/6	9.81	9.96
C. Itoh 5⅜ 87	0⅛	101	101⅛	18/9	19.44	19.20
Co-operative Bk. 6 86	0⅛	98⅜	98⅜	15/11	11.44	11.61
Creditanstalt 5½ 91	§‡0⅛	97½	98	14/8	18.44	18.88
CNT 5⅜ 86	§0⅛	101⅛	102	18/10	18⅜	17.81
GZB 5⅜ 89	‡0⅛	98⅜	99	1/8	15⅛	15.44
Jogobanka 8 89	0⅞	90	92	23/11	11⅛	12.77
Ind. Bank Japan 5⅜ 87	0⅛	101⅛	101⅜	15/10	18⅜	18.47
LTCB Japan 5⅜ 85	0⅛	98⅜	98⅞	13/8	14⅛	14.45
LTCB Japan 5½ 89	0⅛	97⅞	98⅜	7/8	14.12	14.46
Mfrs. Han. O/S 5⅜ 94	‡0⅛	97⅜	98⅛	31/8	9⅞	10.08
Midland Intl. Fin. 5 89	0⅛	99⅞	100⅜	20/6	15	14.98
Midland Intl. Fin. 5⅜ 92	0⅛	98⅜	99⅛	5/12	10⅞	10.96
National Fin. 6⅜ 86	0⅛	98⅜	98⅜	25/7	14.89	14.89
Nat. West. 5⅜ 94	§0⅛	101⅛	101⅜	11/10	18⅜	18.35
Nippon Credit 6½ 86	0⅛	97⅞	98⅛	12/7	14.44	14.75
Nippon Credit 5⅜ 87	‡0⅛	97⅛	98⅛	2/8	14⅛	14.65
Royal Bk. Scot. 5⅜ 94	§‡0⅛	99⅜	99⅛	11/7	13⅛	12.62
Soc. Gen. de Bque. 5⅜ 87	0⅛	101½	102	3/10	20.06	15.72
Sogenal 5⅜ 89	§0⅛	98⅜	98⅜	13/7	14.44	14.68
Standard Chart. 5⅜ 90	0⅛	101	101½	6/9	17⅛	17.04
Sweden 5⅜ 91	‡0⅛	97⅜	97⅞	18/10	18⅜	19.02
Williams & Glyn 5⅜ 91	0⅛	100⅞	101⅛	14/6	18⅜	18.29
Bq. E. d'Alg. 4⅜ 89 SF	0⅛	83	85	18/6	6.69	7.98

Average price changes on day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7⅜ 89	10/79	[illegible]	†118	117	0	−0.22
Ajinomoto 7⅜ 95	2/80	818	104½	105⅛	+0⅛	0.04
Alco Int. Fin. 9½ 94	1/80	40	91½	92⅜	+0⅛	36.11
Apache 1. Fin. 8⅜ 95	12/80	31.68	107½	108⅜	+2	50.61
Asahi Optical 7 94	11/79	605	99	100	+0½	15.45
Canon 6⅜ 95	8/79	670	110½	111½	+0⅛	−2.40
Credit Suisse 4⅜ 93	10/79	1325	102⅜	103⅞	−0⅛	2.12
Daiei Inc. 6½ 94	11/79	1020	96½	97½	+0⅛	33.00
DOKK 11 90	4/80	324	118	117	+0½	12.03
Dynalectron 9½ 95	8/80	12.22	105½	106⅜	+0⅛	−0.48
Enserch Fin. 9½ 94	7/80	30.25	†108	109	+0⅛	9.43
LPC Internatnl. 8 89	9/79	23.33	†98	99½	+0⅛	19.68
Meidensha Elec. 7 94	12/79	210	99⅜	100⅜	+1⅛	13.13
Mitsubishi Co. 6½ 94	10/79	604	130½	132	+2⅛	12.43
Uny Co. 6½ 95 DM	12/79	339	†113	114	+1⅛	2.82
Kansai Elec. 4 84 DM	4/79	735	81⅛	82⅜	+2⅛	1.61
Fujitsu 5 94 DM	10/78	198	100	101	+0⅛	−0.88
Union Bk. Switz. 5 88	2/80	125	97⅛	98⅛	−1	5.60
Toshiba Cpn. 7⅜ 94	7/78	475	100	100⅜	−0⅛	7.86
Nitto Elec. Ind. 8 94	4/79	1234	†85⅜	87⅜	+0⅛	38.02
Nippon Seiko 7⅜ 94	11/79	1071	93⅜	94⅜	+0⅛	31.57

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NORTH AMERICAN NEWS

Shearson lifts bid for Orion to $147m

By Our Financial Staff

SHEARSON LOEB Rhoades, the Wall Street investment firm, for the second time has raised its bid for Orion Capital Corporation, the U.S. insurance group.

The new bid of $20 a share values Orion at some $147m and comes after earlier bids of $16 a share and $17.50. The revised $17.50 a share bid was last week unanimously rejected by directors of Orion, which is the successor company to the failed Equity Funding concern.

Shearson said in a letter to Orion directors that it had made a final offer to negotiate a merger agreement using $20 a share as a negotiating level. The offer is open until June 19 and Sherson said that if the offer was rejected it did not intend pursuing the matter.

Shearson said it would offer a package of cash and Shearson shares and added that it would expect the transaction to be partially tax free to Orion shareholders.

Although Mr. Alan Gruber, Orion's chairman, described the $17.50 a share "beginning level" offer from Shearson as grossly inadequate at last week's annual meting, he did not state what be considered was a reasonable price.

American Hoist and Derrick records drop

By Our Financial Staff

AMERICAN HOIST and Derrick Company, the Minnesota-based heavy lifting and construction equipment group, has reported a drop in second quarter net earnings from $4.93m to $3.73m.

Sales for the period, which ended on May 24, dipped from $105m to $103.3m and earnings per share came out at 62 cents against 86 cents in the corresponding period last year.

However, after six months profits are little changed, reflecting the jump in first quarter net profits from $4.3m to $5.6m, giving a half-year total of $9.34m against $9.23m. Sales were $255.6m against $230.7m and earnings per share were $1.56 compared with $1.61.

NYSE futures plan nears clearance

By David Lascelles in New York

TH FEDERAL Reserve Board has raised no objection to the New York Stock Exchange's plan to trade futures contracts in government securities on its planned New York Futures Exchange (NYFE)

Although the Treasury must still comment on the plans before they go before the Commodity Futures Trading Commission for final approval, the elimination of any possible objection by the Fed is seen as a big step forward.

The NYFE wants to trade Treasury bills and bonds, and there had been fears that the U.S. financial authorities' known concern about the impact of financial futures on the underlying market would make them reluctant to allow trading to expand too fast.

Maybe for this reason the Fed made its approval conditional on the NYFE going ahead with its plans to absorb the ailing American Commodity Exchange and eliminate any overlap in the types of financial futures traded on the two exchanges.

Trucks slump hits sales and earnings at Dana

BY IAN HARGREAVES IN NEW YORK

DANA, the U.S. manufacturer of automatic components and other industrial products, yesterday reported sharply lower sales and profits for its third quarter.

Mr. Gerry Mitchell, the president, said that he could see no improvement this year in the truck market, on which Dana heavily depends. Truck sales last month in the U.S. were 61 per cent lower than in May 1979.

Mr. Mitchell added that when market conditions did improve, Dana would concentrate its efforts on the commercial truck sector rather than on small leisure trucks which provided much of the growth in commercial vehicle sales in the last five years but which have almost entirely been flushed out by the current recession.

Dana, which is based in Toledo, Ohio, earned $15.6m on sales of $601m in the quarter ended May 31, compared with $45m on sales of $749m in the same period last year.

In the nine months, Dana's sales were down from $2.1bn to $1.95bn and profits fell from $125m to $86m.

During the 1974-75 recession, Dana's strong pattern of earnings growth was maintained in part because of the emergence of a large leisure market for light trucks. The collapse of both the leisure and commercial markets has prevented the company from maintaining its record in the present recession.

Dana has also been diversifying out of the automative sector. This year motor component sales will account for less than half of Dana's total. This represents a somewhat faster than intended move towards the goal of 40 per cent reliance on this sector by 1985.

In the past three months the company has announced the permanent closure of four truck component plants and the acquisition, at a combined cost of $80m, of four small companies designed to strengthen Dana's position in the market for components for off-road vehicles and stationary heavy equipment and for the company's service and distribution activities.

Management changes at Phillips

BY OUR FINANCIAL STAFF

PHILLIPS PETROLEUM Company, the U.S. oil group, has announced a management restructuring which sees the consolidation of all the company's operations and most of its staff functions into four units.

These units will be headed by executive vice-presidents who will report directly to Mr. William C. Douce, the president and chief executive.

The former natural resources group has been divided into three separate operating groups—petroleum exploration and production, minerals, and gas and gas liquids.

The petroleum products group, the chemicals group and the Applied Automation subsidiary have also been placed under an executive vice-president while its corporate relations, research and development, engineering and other corporate support service activities are now to report to an executive vice-president. The moves have resulted in the election of three new executive vice-presidents.

Mr. Douce said the restructuring was designed to provide a more effective way to manage the company in light of the growing size and complexity of Phillips' operations and their likely future direction, as well as recent management changes. These saw Mr. Douce elected to his current posts.

The changes would increase its capability in two critical areas, finance and corporate relations—Mr. Douce said.

Meanwhile, the Canadian Foreign Investment Review Agency has delayed approval of Phillips' $18 a share bid for Great Basins Petroleum, a Los Angeles oil concern with extensive Canadian interests.

The Canadian agency has asked for further information on the takeover which was proposed in mid-March, and Great Basins has said the two companies were making arrangements with the agency to discuss the application. The merger is also subject to approval by other government agencies and to approval by two-thirds of the shares in Great Basins.

Diamond Shamrock confident

NEW YORK — Diamond Shamrock, which derives over half of its profits from energy related activities, expects second quarter earnings to match or top 1979's $1.01 a share, according to Mr. W. H. Bricker, chairman. The company is also still confident that profits for the whole of 1980 will exceed 1979's record $178.1m or $3.37 a share on sales of $2.37bn.

In the first quarter, Diamond Shamrock's profits rose 50 per cent to $56.3m or $1.06 a share on a 90 per cent increase in sales to $755m.

Mr. Bricker said the recession is having an impact on the group's industrial chemical operations. These are down from a strong first quarter and will continue to soften for the remainder of 1980. The exception is exports, which continue to be strong.

The company now expects a turnround starting after the first quarter of 1981 that will continue at a slow rate through 1981 before picking up in 1982 and 1983. Reuter

Seatrain transfers shipyard lease

By Our New York Staff

THE BROOKLYN Navy Shipyard, New York, which Seatrain Lines virtually closed down a year ago, is to reopen as a shiprepair yard specialising in military repair work.

The new operator, Coastal Drydock and Repair, has told the Government agency which owns the facility that if the terms of the deal are approved it could provide 2,500 jobs on the site.

Seatrain proposes to transfer its 30-year lease, which expires in 1999, to Coastal Drydock. Seatrain pays $1.8m a year for the lease and so would be saved over $34m on the deal. Asked about the financial benefits of the transaction, however, the company merely stated that it would mean the $20m which Seatrain has already provided to cover the closure costs would be adequate.

Coastal Drydock already has a small repair operation in Brooklyn adjacent to the closed-down Seatrain premises.

Seatrain, which is a major operator of container and tanker ships, recently reported a $3.9m loss for its third fiscal quarter, compared with a loss of $6.9m in the same quarter of the previous year. Sales were sharply higher at $343m against $201m.

For the nine months, income was $2.6m against a $9.9m loss last year on sales up from $532m to $962m. Last year's losses were heavily influenced by the costs of closing down the shipyard.

Seatrain, which is one of the most highly geared of the U.S. shipping companies, has also found considerable relief in recent weeks from the collapse of interest rates in the U.S.—a large proportion of its debt is tied to the banks' prime lending rate—and from an agreement with its lead bank, Chase Manhattan, to relax the terms on certain loans.

Pitney deal

Pitney Bowes said it contracted to acquire Drawing Board Incorporated, a private company of Dallas, Texas, for 660,000 shares of Pitney Bowes common stock worth some $25.4m, AP-DJ reports from Stamford.

WEST GERMAN AEROSPACE INDUSTRY

VFW ahead after split with Fokker

BY ROGER BOYES IN BONN

THE WEST GERMAN aerospace group Vereinigte Flugtechnische Werke radically hoosted sales and profits last year, clearly demonstrating that it has survived the complicated and sometimes painful divorce from Fokker, former Dutch partner.

VFW pushed up net profits from DM 2.53m to DM 9.79m ($5.53m) last year, with sales up DM 100m to DM 965m ($545m). That is regarded as a considerable achievement by VFW executives, who had hecome accustomed to hefty losses through much of the 1970s. Indeed, 1978's profit was possible only through nrders booked by ERNO, VFW's space engineering subsidiary.

Now the main sustaining force of the group's performance is the Airbus programme. This bas belped to lift turnover in the civil air prodnction division from DM 182m in 1978 to DM 283.2m. Apart from production of the Airbus A300 and A310, VFW is also co-operating in the construction of the Transall transport carrier for the French air force. The group is also participating in the Tornado multi-role combat aircraft programme which, although bit by rising costs, is keeping capacity high in the military technology division.

VFW provides an interesting contrast with its former partner, Fokker, which has seen a steep rise in turnover but only a modest profit increase. VFW executives are aware, however, of the company's vulnerability to sharp competition from much larger overseas competitors in Europe and the U.S.

The management hoard thus stresses that a merger with Germany's other aerospace company, Messerschmitt Boelkow Blohm, is an urgent necessity. The Bonn Government, convinced that only a merged German aerospace concern would he able to survive in the 1980s, urged the split with Fokker as the first step to an eventual merger between VFW and MBB.

The merger negotiations, however, have been far from smooth. The original idea was for two of the principal VFW shareholders, United Technologies and Krupp, to sell their stakes to the City of Bremen, the other major shareholders. Breman would then sell tha lot to MBB and the merger would be complete. But United Technologies has been reluctant to part with its stake in VFW and would like a share in the new merger group. Intensive negotiations on the issue are continuing among the various shareholders.

Meanwhile, VFW is strengthening its assembly hase by ploughing DM300m into modernisation of production facilities over the next three years.

Shell in Italian talks with Conoco

By Rupert Cornwell in Rome

THE SHELL oil group is negotiating a possible return to the Italian petroleum prodncts market after an ahsence of more than six years.

Talks are in progress which could lead to Shell buying the Italian interests of Conoco of the U.S., which are centred round a chain of 170 filling stations in the Lombardy region in northern Italy.

At the same time other discussions are taking place which could see a group of oil companies including Shell and Total-CFP of France taking over the existing Conoco pipeline from Genoa to central Lombardy.

This move is of great significance, since it is evidence of the increased attractiveness of the Italian market to the international oil majors now that the Italian authorities have introdnced a more flexible pricing system.

Earlier this year Esso Italiana reported net earnings of L64bn ($73m) for 1979, compared with accumulated deficit of L57bn between 1976 and 1978.

The tightly controlled Italian market had led some oil companies, including BP and Shell, to pull ont. The latter sold its Italian interests to Agip, the subsidiary of the ENI state energy group, in 1973.

Conoco's apparent readiness to consider withdrawing is therefore at first glance surprising. However, its interests in Europe are mainly concentrated in northern Europe and the North Sea, with little representation in sonthern Europe.

Reorganisation leads to recovery at Veba Oel

BY KEVIN DONE IN FRANKFURT

VEBA OEL, the oil subsidiary of the Veba group, West Germany's largest industrial concern, staged a major recovery last year producing after tax profits of DM 100m ($56m). The oil business returned a profit for the first time in six years.

Veba Oel has benefited greatly from the reorganisation that came intn effect at the beginning of 1979. The sale of surplus refinery capacity to Deutsche BP, the West German subsidiary of British Petroleum, meant that Veha was able to operate its remaining capacity at the comparatively high level of 87 per cent.

Without the BP deal it would still have worked at only 64 per cent of capacity despite the strong demand for oil products last year.

As another part of Veha's restructuring the oil subsidiary's chemicals interests were transferred to another group subsidiary, Chemische Werke Huls, with the result that last year's performance cannot be directly compared with the previous year.

In the first months of 1980 Veba was hit by the strength of the U.S. dollar and the profitability of its oil refining and marketing business is again in doubt.

Sales in the four months rose by 31.8 per cent but volume sales are significantly down.

Veba Oel bas been trying hard to diversify its crude oil purchases and, as the next step, it is hopeful of signing its first cruda oil supply contract with Mexico.

Dr. Fritz Oschmann, Veba Oel chairman, said the company was nptimistic that it would start crude oil from Mexico next year, with supplies growing gradually to 20,000 harrels per day.

Elsewhere in the German energy industry Ruhrgas, the country's dominant gas supply company, has increased natural gas volume in the first five months of this year by 6 per cent. The group expects an expansion of some 7 per cent for the whole of 1980.

The main increase in demand has come from industry, while household sales have fallen below last year's level, largely as a result of the milder winter and greater energy savings hy consumers.

Ruhrgas boosted its turnover last year by 13.6 per cent to DM 6.2bn, but profits fell hack hy 5.2 per cent to DM 142.4m.

The group is expanding its financial hase in nrder to keep pace with the rapid growth of business. Shareholders — the largest is Deutsche BP with 25 per cent and others include several major oil companies plus important coal and steel groups—will be asked to provide DM 100m extra capital.

Ruhrgas is facing strong demands from its foreign gas suppliers, the Netherlands and the Soviet Union, for higher prices for the gas it purchases under long-term contracts.

Under a temporary agreement with the Soviet Union for the first six months of this year, it has already granted "considerable increases," but long-term agreements with the Soviet Uninn and the Netherlands are still to be reached.

Increased profit from Thomson-CSF

By Terry Dodsworth in Paris

THOMSON-CSF, the French electrical and electronics group, lifted consolidated profits hy 27 per cent last year from FFr 225m ($60.7m) to FFr 322m.

The company, part of the Thomson-Brandt group, also raised sales substantially after taking into the accounts the former Thomson-Ericsson interests which derive from its acquisition of the Ericsson Telecommunications business in France. On this basis, sales went up from FFr 11.9bn to FFr 16.1hn.

M. Jean-Pierre Bouyssonnie, chairman, bas forecast a sales increase of around 20 per cent this year. Orders were sbarply up in the first four months of 1980, he said.

Setback for Swiss watch group

BY JOHN WICKS IN ZURICH

THE SWISS watch group, SSIH, will find it difficult to reacb hudgeted results this year unless there is an improvement in business, according to Mr. Ulricb Doenz, general manager. The follows an announcement hy the parent company, Societe Suisse Pour l'Industrie Hnrlogere, that it is to pass its dividend for the fifth consecutive year.

Speaking at a Press conference in Bienne, Mr. Doenz described the current situation as "not too rosy." Targets had not been reached in the first quarter of 1980 when there was a slight overall rise in turnover hut prohahly little change in profits.

Mr. Ralph Gautier, managing director, said that the group would be giving "absolnte prinrity" to its twn major watch brands, Omega and Tissot. The U.S. subsidiary, Hamiltnn Watch, is to develop its national market further.

At the same time, SSIH is in the process of thinning out its production programme. The Lanco hrand is tn he gradnally replaced by the lower price range of Tissot, while it has just been decided to sell the subsidiary, Buler Watch in Lengnau.

The decision to pass a dividend payment again in the group's golden jubilee year is attributed to the necessity to invest large sums to counter losses in the medium term. In fact, consolidated profits of the group had doubled to SwFr 4.2m ($2.5m) in 1979 after a slight rise in turnover ta SwFr.662.3m ($401.4m).

Hermes Precisa makes payment

BY OUR ZURICH CORRESPONDENT

THE SWISS office equipment manufacturers, Hermes Precisa International SA, is to pay its first dividend since 1974. At the company's annual general meeting on June 13, sbareholders will he asked tn approve a distribution of 6 per cent.

Parent company profits rose from SwFr 800,000 ($488,000) tn SwFr 2.6m ($1.58m) in 1979 after cash flow rose from SwFr 9.6m to SwFr 11.6m. Consolidated turnover rose hy 4 per cent to SwFr 265m for the year. The overall improvement in profits is attrihuted in part tn more favourable exchange rates.

Moet takes Far East stakes

BY OUR FINANCIAL STAFF

MOET-HENNESSY, the French group whose products range from cognac and champagne to perfume, is to spend around FFr 7m ($1.7m) on acquiring substantial shareholdings in two drinks distribution companies in the Far East.

The companies are Richmond Singapore and Richmond Malaysia, both recently created subsidiaries of the Boustead gronp of France. Moet will buy 30 per cent of Richmond Singapore and 50 per cent of the Malaysian company.

The new associates will handle Moet's cognac distribution in the Far East, where sales have heen expanding in recent years.

During the first four months of 1980 Moet's sales as a whole have risen by more than 30 per cent to FFr 859m, the gronp annonnced yesterday. Sales of champagne were running some 31 per cent ahead, with cognac turnover up by 32 per cent. Perfume products showed sales growth of 23 per cent for the four months.

● Remy Martin (Far East), the marketing subsidiary of the French cognac producer, contitnnes to thrive nn the seemingly insatiable Chinese appetite for brandy, writes David Dodwell in Hong Kong.

The company reveals that net attributable profits for the year ended March 31 of HK$28.70m (U.S.$5.8m), compared with HK$16.6m. There is no final dividend, but shareholders can expect a dividend for the current year of 50 cents.

The results come just a few weeks after a public offer of 25 per cent of the company's issued capital, which raised HK$83m after expenses.

Remy Martin recently announced plans for a joint venture with Chinese interests in which Remy would hold a 45 per cent stake.

The venture would produce high quality Reisling-type wine in Tianjin, north-west of Peking.

This wine is expected to be exported, and the Hong Kong hased subsidiary is likely to handle the distribution.

Rodamco has Fl 16m profit in first year

BY OUR FINANCIAL STAFF

IN ITS FIRST financial year ended February 29, Rodamco NV, the property investment trust of the Robeco Groop, reported net profit of Fl 16.47m ($8.40m). The company is proposing a tax-free distribution of 6 per cent in stock or 3 per ceot in stock tax-free and Fl 3 in cash per share of Fl 100 oominal.

Rodamco, whose shares were introduced on the Amsterdam stock market on March 22, 1979, reported a total income of Fl 44.04m, of which Fl 33.65m was net income from property and Fl 10.39m was income from dividends and interest. Expenses amounted to Fl 27.57m.

Rodamco's total net assets before appropriation of profit amounted to Fl 460.43m, up 30 per cent from Fl 354.10m in March 1979. The net asset value per share—increased by issue costs—rose to Fl 109.20 from Fl 100 on the date of intrnduction.

At the beginning of fiscal 1979, Rodamco participated in two funds which both invested in U.S. real estate: Hexalon BV and Hexalon Real Estate. Earlier this year, Hexalon Real Estates acquired the assets of Hexalon BV against the issue of shares.

After the merger, Rodamco acouired a 39.1 per cent interest in Hexalon Real Estate's share capital. Rodamco said further acouisitions in the U.S. through Hexalon are expected in 1980 and added that the results in the current fiscal year in general "are not expected to lag hehind those of the financial year just ended."

Europa-Valor reduces dividend

By Our Zurich Correspondent

DIVIDEND at Europa-Valor, the European securities fund affiliated to Credit Suisse, the major Swiss hank, is to be rednced from SwFr 4.50 to SwFr 4 for 1979-80. The reduction is being carried out by a cut in stock dividend from 77 to 27 centimes per certificate.

The fund, which is administered by Societe Internationale de Placements, was affected by the "generally unsatisfactory" stock market conditions in the hard currency countries, Germany, Switzerland and the Netherlands. Total portfolio value eased from SwFr 45.4m to SwFr 40.8m ($24.6m) over the year.

At the same time, Societe Internationale de Placements announces a rise in dividend on its Swiss shares fund, Schweizeraktien, from SwFr 8.40 to SwFr 8.50 per certificate. Fund assets at the end of 1979-80 stood at SwFr 186.9m ($112.7m), of wbich 89 per cent was accounted for by shsres and 8 per cent by straight and convertihle bonds.

Losinger again passes payout

BY OUR ZURICH CORRESPONDENT

LOSINGER AG of Berne, Switzerland's leading construction company, is to pass s dividend payment for the third consecutive year. Net profits nf SwFr 462,085 ($281,760) are to be carried forward.

Results were better than in 1978, however, with consolidated earnings up from SwFr 364,795 to SwFr 802,390. Capacity use was satisfactory, with group turnover rising 8.3 per ceot to SwFr 559m, of which SwFr 244m was accounted for hy foreign business.

The value of new orders received in 1979 reach SwFr 575m, with orders on hand at the end of the year worth SwFr 446m.

Losinger, which at its June 23 annual meeting is to recommend the raising nf share capital from SwFr 30m to SwFr 40m, saya that business so far in 1980 is up to forecaats.

Canadian bank assets

TOTAL assets of the Toronto-Dominion Bank averaged C$ 21.03bn in 1978, not C$31.03bn as ststad in the survey of Canadian banking published on June 2. The corresponding figure for 1979, given correctly, was C$25.79bn.

INDIAN NEWS

Expansion plans at Reliance Textile

BY R. C. MURTHY IN BOMBAY

RELIANCE TEXTILE Industries increased sales revenue by 29.16 per cent from Rs 1.2bn for the 15 months to December 1978 to Rs 1.55bn for the 12 months to end 1979, and expects to top Rs 2bn ($254m) this year. Gross profits expanded by 30.74 per cent to Rs 197.3m ($25m) in 1979 from Rs 150.9m for the previous period. Reliance changed its accounting year end in 1978.

The company has phased investment which is eligible for tax rebates, in such a way that the entire profit after interest and depraciation qualifies for exemption. Increased net profit of Rs 82.12m, against Rs 65.5m, has enabled Reliance to pay a dividend of 25 per cent, compared with 27.5 per cent for the 15 months of 1977-78.

Reliance is expandiog both in domestic and export markets io a big way. Its plant at Ahmedabad in the western state of Gujerat has been called by a World Bank team recently, the most modern unit in mainland Asia.

The company plans to import 154 shuttle-less automatic looms worth Rs 190m. The World Bank has sanctioned a Euro-dollar credit equal to Rs 130m for Reliance Textile, which is the only private sector company to secure such a loan in India. It has taken over a closed textile unit in Gujerat and plans to rehabilitate it are under way. These and other projects (including a proposal to set up a Rs 510m polyester filament yarn unit) will enable Reliance to claim tax exemption, through the investment rebate, for 1980 and 1981.

Reliance exported more than 10 per cent of its production in 1979. It has signed an agreement for the supply of knowhow and technical assistanca to Ceylon Synthetic Textile Mills (Cyntex), of Sri Lanka, for three years and a joint venture with 49 per ceot capital participation by the company is being set np in Zambia. Reliance is presently negotiating with the Ugandan Government for extending managerial assistance to a textile unit on a commission basis without any capital contribution.

* * *

PRODUCTION AND sales of National Organic Chemical Industries Ltd. (NOCIL), a Mafatlal company, registered a decline lo 1979. Petrochemicals production by the company dropped to 234,195 tonnes in 1979, from 265,862 tonnes the previous year. The fall in output, says Mr. Arvind N. Mafatlal, the NOCIL chairman, was partly the result of discrimlnation in napbtha price setting. The Government, wbich fixes petroleum product prices, raised the price of naphtha used in petrochemicals manufacture by 145 per cent last year wbile keeping the naphtha price for fertiliser production unchanged. The subsidy ln fertiliser sales to farmers is thus recovered from the industrial seclor.

NOCIL was also hit by a reduced power supply and a scarcity of diesel oil to run its own power generators. Its product prices, which had to he raised to recover higber costs, had an unsettling effect on its sales during the year.

However, sales turnover was up by 16 per ceot to Rs 1bo ($127m) in 1979 from Rs 867m ln the previous year. The iocrease in product prices was not commensurate with the rise ln the cost of production and profit margins fell. Gross profit declined by 8 per cent to Rs 118.4m ($15m) from Rs 128.9m and profits after tax were Rs 43.3m against Rs 50.9m. The dividend is unchanged at 16 per cent.

The company manufactures a widar range of petrochemicals. It proposes to produce organophosphates, such aa monocrotophos, and tbe latest generation pesticides. It is negotiating with the Government for permission to moderolse and expand its PVC and EHA manufacturing facilities, based on ethylene and propylene, to be producd from cracking facilities to be installed using Bombay High Associated Gas.

* * *

THE INDUSTRIAL Finance Corporation of India has opened the issue of Rs 350m (equivalent to about $45m) of 12-year bonds at par, reports Reuter from New Delhi.

The boods carry 6¾ per cent interest, and applications close on Thursday.

Tbe corporation, which is state-owned, makes advaoces of local and foreign currency loans to industry, guarantees deferred payments for capltal expaosion, and underwrites share and debenture issues.

Plate Glass lifts dividend on record earnings

By Our Johannesburg Correspondent

PLATE GLASS and Sbatterprufe Industries, the South African manufacturer of giass, timber and building products, has reported record earnings for the year to March 31, 1980. Though stated earnings were restrained by the introduction of LIFO (last-in-first-out) stock accounting methods, income more than doubled at the pre-tax level to R25.91m ($33.3m), from R12.54m io the previous year. Turnover rose by 10.9 per cent to R221.5m ($284m) from R199.8m.

Direct comparison of the two year's operating results is not possible. During the market depression of 1978, Plate Glass instituted a compreheosive rationalisation of its operations and has sioce closed several unprofitable outlets. After taking these factors into accouot, the management estimates that turnover rose 20 per cent last year on a comparable basis, while had LIFO accounting not been introduced, a pre-tax income increase to R29.8m would have been reported.

Plate Glass's South African markets are oow strooger, and are apparently set for further growth, but some problem areas remain. An associated fibre-elass producer continues to be affected by serions technical problems, while the American subsidiary sustained losses.

Dideods totalling 50 cents per share, against 14 cents, have been declared from earnings per share of 103.0 cents, compared with 36.9 cents. Taking into account a possible rigbts issue of about 1m shares to fund further equity participation in the American and Australian subsidiaries, the management expects earntogs per share to rise by 25 per cent during the current year.

Bonuskor helps profits advance at Volkskas

BY JIM JONES IN JOHANNESBURG

VOLKSKAS, South Africa's third largest banking group, increased its disclosed taxed consolidated profit by 33.4 per cent to R30.4m ($39m) in the year to March 31, from R22.8m in 1978-79. Over the year, group assets rose by 22 per cent to R3.76bn (equivalent to $4.8bn).

Volkskas is, perbaps, the most conservative of the country's major banking groups in its reporting, making considerable transfers to bidden reserves.

Commercial banking operations were the largest contributor to profits, weighing in with R15.6m afler tax. Bonuskor, the group's industrial subsidiary, with interests in motor cycle distribution and timber provided an attributable profit of R5.1m, compared with R1.3m the previous year. The remainder of the disclosed taxed profit was derived from the group's merchant and industrial banks and industrial interests wbich include sugar production, foundry work and the manufacture of Mercedes Benz vehlcles. In addition, Volkskas has a 30 per cent stake in Legal and General's Sonth African insurance operations which is not consolidated in group accounts.

Since the financial year-end, the group bas raised R30.4m through a rigbts issue of 6.46m sbares at 470 cents each. This increased the number of shares in issue from 21.5m to 28m. Based on the share capital before the rights issue, Volkskas declared a dividend total of 30 cents, compared witb 26 cents previously, from earnings per share of 134.3 ceots, against 102.6 cents.

The management has not said wbether dividends are likely to be maintained on the increased capital, but the funds raised by the issue are earmarked for increasing the group's stake in subsidiaries and to provide them with additional working capital. In Jobannesburg, Volkskas' shares are currently quoted at 590 cents.

New offer for Osborn minority

By Oor Johannesburg Correspondent

MINORITY shareholders In Samuel Osborn, the South African mining machinery and machine tool company, wbo rejected a 500 cents a share cash offer by steel and engineering group, Haggie Rand, in December 1978 are again being made an offer for their shares.

This time, Haggie Is offering cash of 650 cents a share or an alternative of 85 of its own shares plus R30 cash for every 100 Samuel Osborn. Based on Haggie's current 750 cents Stock Exchange quote, the latter offer values each Osborn share at 667.5 cents.

Io December 1978, Haggie bought a 65 per cent stake ln Samuel Osborn for R8m from the then UK parent, Aurora Holdings.

C. G. Smith Investments ahead

BY OUR JOHANNESBURG CORRESPONDENT

C. G. SMITH INVESTMENTS, the South African holding company wlth interests in sugar and textiles, has reported a 41.3 per cent consolidated pre-tax profit improvement to R39.1m ($50.2m) for the year to March 31.

The company, whicb is indirectly controlled by Barlow Rand, holds an effective 54.9 per cent interest in Romatex, tbe textile manufacturer, an effective 31 per cent of the sugar producers C. G. Smitb Sugar and an effective 35.6 per cent of the diversified sugar producer, Huletts. All three of the underlying companies reported higher earnings for the year lo end-March. Romatex increased its taxed profit by 44.7 per cent to R19.1m as consumer spending on semi-durables improved consIderably during the second half of the financial year. Its maoagement is confident that earnings for the current year will be higher

The two sugar companies, on the other hand, though they reported higher earnings for the year, expect profits to be restrained by lower sugar crops in drought-affected growing areas. Both feel that lower production will be to an extent offset by higher refined sugar export prices, while non-sugar earnings should enable dividends to be at least maintained.

Effective control of C. G. Smith Investments was acquired by Barlow Rand on January 1, and the company has changed its year-end to September 30 to coincide with that of Barlows. Two interim dividends, totalling 42 cents, have been declared from earnings per share of 42.8 cents during the 12 months to end-March. A final dividend will be declared upon completion of the current fiscal period on September 30. During the year to March 30, 1979, Dlvidends totalling 33 cents were declared from earnings per share of 33.4 cents.

BMW to extend South African plant

PRETORIA — Bayerische Motoren Werke (BMW) will invest R52m ($66.8m) in extensions to its South African plant to cope with demand for BMW cars locally and abroad, Mr. E. von Koerber, the managing director of BMW South Africa (Pty), said.

This follows BMW's decision last February to substantially lncrease lts investment in South Africa. Mr. von Koerber sald export incentives and the attractiveness of the financlal rand were additional positive factors.

Reuter

Malaysian fund takes stake in Asiatic

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian armed forces fund, Lembaga Tabung Angkatan Tentera, bas bought 30 per cent of Asiatic Development, the Genting Berhad subsidiary, in accordance with one of tbe conditions set by the Foreign Investment Committee for approving Asiatic's takeover of tbree Kadoorie family controlled plantations.

Tabung Tentera pald 24m ringgits (U.S.$11.2m) in casb to acquire 24m shares of one ringgit each in Asiatic. At the same time, Genting, the casino and botel group, Is taking up 56m shares of Asiatic for a cash payment of 56m ringgits.

The anthorised capital of Asiatic Development has also been increased, from 20m ringgits to 500m ringglts.

Last April, Asiatic succeeded lo its bid for the three Kadoorie estates — Rubber Trust, Amalgamated Rubber Estates and Shanghai Kelantan Rubber—for nearly 200m ringgits, after winning approval from the Malaysian Foreign Investment Committee by argeeing their 30 per cent of its equity would be sold to Bumiputra (Malay) institution.

WORLD STOCK MARKETS

Firm early Wall St. tendency

EXPECTATIONS THAT interest rates will continue to decline helped Wall Street to edge ahead in further active trading yesterday morning, but Blue Chips were turning easier around mid-session.

The Dow Jones Industrial Average, reflecting the trend in Blue Chips, improved to 863.57 at 11 am, but by 1 pm was 0.09 down on last Friday's closing level at 861.43. The broad-based NYSE All Common index, however, held a rise of 32 cents at $64.99 at 1 pm, while advances led falls by a four-to-three margin. Trading volume came to 25.31m shares against last Friday's 1 pm figure of 26.45m.

Credit market analysts said the rapid decline in U.S. business activity would probably prompt further credit easing by the Federal Reserve. Stocks have rallied over the past two months on sharply falling interest rates. Southwest Bank of St. Louis, which from time to time has led Prime Rate cuts, lowered its Prime to 12 per cent—from 13 per cent. Major banks currently stand at a 13 per cent Prime rate.

The OPEC oil pricing conference in Algiers was keeping some investors cautious, however, analysts said.

Rising Bullion prices aided Gold and Silver issues, and the oil group continued to improve. Analysts noted that Oils tend to benefit from OPEC price rises and are generally recession resistant.

ASA gained 1⅞ to $47⅞, Dome Mines 2⅞ to $79⅞, Homestake Mining 1⅞ to $6/, Hecla Mining 3⅞ to $35⅞, Callahan Mining 1⅞ to $25½ and Sunshine Mining, which plans to develop a Nevada silver mine, 1½ to $14½.

Among the actives, Mobil rose 2¼ to $76 and Texaco ⅜ to $36½. Superior Oil gained $6 to $165, Freeport Minerals 1½ to $39¼, Union Oil of California $1 to $54⅞, Sedco 1¼ to $81 and Mesa Petroleum 1¼ to $34½.

Marathon Oil advanced 1¼ to $63⅞ despite an explosion and fire at a Gulf of Mexico oil rig.

Active Ford Motor lost ⅜ to $23⅞ and General Motors ⅜ to $43⅞. Analysts expect the motor manufacturers' second-quarter results to be hard hit by slack sales. Additionally, many expect Ford will cut its dividend later this year.

General Electric lost ⅜ to $50½, Procter and Gamble ½ to $77½ and American Brands ⅜ to $76⅜. THE AMERICAN SE Market Value Index advanced 2.75 to 284.76 at 1 pm. Volume 3.45m shares (2.85m).

Closing prices for North America were not available for this edition.

Canada

Stock prices mostly improved in active early dealings, with the Toronto Composite Index climbing 9.7 to 2,032.4 at noon. The gold shares index gained 118.4 to 3,744.9, Oil and Gas 27.0 to 4,481.1 and Metals and Minerals 21.3 to 1,918.2. In Montreal, Banks put on 0.68 to 358.72.

Golds were sharply higher as Dome Mines rose to C$92, Campbell Red Lake C$2 to C$49 and Camflo Mines 1⅞ to C$24⅞.

Hong Kong

Stocks moved sharply higher over a broad front in active trading, continuing the recent up trend, with the Hang Seng index climbing 18.29 to 950.05.

Dealers reported mainly local buying, generated by falling local interest rates, with European interest centred on a few stocks.

Utilities, Properties and Banks were particularly active, with New World rising 12.5 cents to HK$4.05, Hong Kong Bank 60 cents to HK$15.30, Hang Seng Bank HK$1.00 to HK$117.00, Cheung Kong 30 cents to HK$14.00 and China Light 20 cents to HK$21.70. Cross Harbour moved ahead 90 cents to HK$11.40 accompanied by rumours of an imminent increase in tarrifs.

Other Properties to feature were Sun Hung Kai, up 25 cents at HK$ 10.10, Trafalgar, 10 cents firmer at HK$ 2.825, and Swire Properties, 15 cents higher at HK$ 6.00.

Jardine Matheson and Swire Pacific "A" rose 20 cents apiece to HK$ 15.10 and HK$7.60 respectively.

Tokyo

The market displayed an easier bias after very slow trading, with Oils and large-capital issues prominently lower.

Dealers commented that trading was limited by investor caution over the domestic political outlook and ahead of the OPEC meeting in Algiers.

The Nikkei-Dow Jones Average receded 11.33 to 6,823.04 and the Tokyo SE index 0.81 to 465.11, while declines outscored rises on the First Market section by 312 to 257. Turnover amounted to only 140m shares, compared with last Friday's 250m.

Nippon Oil fell Y30 to Y2,130, Teikoku Oil Y30 to Y1,380 and Maruzen Oil Y8 to Y430, while Nippon Steel lost Y2 to Y139, Kawasaki Steel Y2 to Y138 and Nippon Kokan Y4 to Y131.

TDK Electronic receded Y30 to Y2,030 and Yokogawa Bridge Works Y22 to Y668, but bright spots included Heiwa Real Estate, up Y27 at Y603, and NTV, Y50 higher at Y4,550.

Germany

Bourse prices were inclined to further improve in quiet dealings, the Commerzbank index gaining 2.5 to 706.3.

Attracting the most buying attention was Veba, which rose DM 2.80 to DM 142.70 following publication of subsidiary Veba OEL AG's higher 1979 profits.

Improved first-quarter sales pushed Schering up DM 4 to DM 186. Deutsche Bank put on DM 1.30, Hapag Lloyd DM 1.90 and Linde DM 1.50, but BMW receded DM 1.50.

On the Domestic Bond market, the new Federal Loan, which began official trading yesterday, was at the centre of business. Public Authority Loans rose by up to 60 pfennigs. The Bundesbank sold DM 33.5m nominal of paper after sales of DM 15.1m last Friday.

Johannesburg

Gold shares and Mining Financials continued to advance on the strong international Bullion price. Randfontein added R2.25 at R70.75 and Buffelsfontein R2.00 to R47.50, while Amgold put on R3.75 to R95.50.

Diamond issues also strengthened, De Beers gaining 30 cents to R10.75 and Anamint R5 to R112. Rusplat improved 15 cents to R5.65 in firmer Platinums.

Australia

Markets tended to gain fresh ground, especially the Golds sector in response to the stronger Bullion price. The Sydney All Ordinaries Index gained 4.77 to 877.48 and the Metals and Minerals index 45.46 to 5,589.02.

Central Norseman Gold rose 50 cents to A$9.50, Gold Mines of Kalgoorlie 38 cents to A$7.20, Poseidon 25 cents to A$3.80 and Emperor 12 cents to A$2.20, Hill 50 Gold 1 cent to 70 cents, North Kalgoorlie 8 cents to A$1.68 and General Exploration 4 cents to 82 cents.

Western Mining advanced 9 cents to A$4.99, CRA 6 cents to A$5.60, Oakbridge 15 cents to A$4.10 and Pancontinental 10 cents to A$6.80.

Among the recently buoyant Oils group, Woodside Petroleum added 7 cents at A$3.15, AOG 5 cents to 85 cents, Hartogen Energy 5 cents at A$4.25 and Oil Search 2 cents at 31 cents but Vamgas retreated 30 cents to A$6.40, Magellan 30 cents to A$5.10 and Strata Oil 2 cents to 66 cents.

On the Industrials boards, leader BHP closed 25 cents stronger at A$14.95.

Paris

Shares closed mixed to easier after moderate trading. Investors mainly held back from the market ahead of official results from Opec's oil price-fixing meeting in Algiers, dealers said.

Indices

NEW YORK —DOW JONES

	June 6	June 5	June 4	June 3	June 2	May 30	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆ Industr'ls	861.52	858.70	858.02	843.77	847.65	850.85	903.84 (15/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	75.22	75.04	72.38	72.60	72.46	72.55	74.81 (9/1)	63.87 (28/3)	—	—
Transport	278.68	277.36	276.45	270.57	268.58	268.23	305.80 (8/2)	233.68 (27/3)	305.80 (8/2/80)	12.26 (8/7/32)
Utilities	119.89	169.53	109.29	108.77	109.28	119.28	115.46 (15/1)	96.04 (27/3)	165.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's †	37,258	46,670	44,180	35,150	32,710	34,820	—	—	—	—

◆ Day's high 867.06 low 853.07

Ind. div. yield %	May 30	May 23	May 13	Year ago (approx)
	6.19	7.10	3.30	5.18

STANDARD AND POORS

	June 6	June 5	June 4	June 3	June 2	May 30	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	127.57	126.51	126.78	124.26	124.53	125.65	134.47 (13/2)	111.06 (27/7)	134.84 (11/1/73)	5.52 (30/6/32)
§Composite	115.20	112.78	112.61	116.61	110.76	111.24	118.44 (13/2)	98.22 (15.2)	125.86 (11/1/73)	4.40 (1/6/32)

	June 4	May 28	May 21	Year ago (approx)
Ind. div. yield %	0.28	5.30	0.53	5.28
Ind. P/E Ratio	7.52	7.77	7.40	7.92
Long Gov. Bond Yield	10.11	10.15	10.23	8.05

N.Y.S.E. ALL COMMON

June 6	June 5	June 4	June 3	1980 High	1980 Low
64.57	64.38	64.24	63.11	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 6	June 5	June 4
Issues Traded	1,886	1,892	1,880
Rises	900	922	1,130
Falls	546	568	398
Unchanged	434	082	332
New Highs	—	75	30
New Lows	—	4	5

MONTREAL

	June 6	June 5	June 4	June 3	1980 High	1980 Low
Industrial	385.84	384.88	386.59	358.65	425.80 (29/2)	325.21 (27/3)
Combined	342.75	341.87	341.92	338.48	378.90 (29/2)	298.85 (27/3)
TORONTO Composite	2022.7	2019.2	2016.4	1984.8	2192.8 (29/2)	1702.5 (27/3)

	June 9	June 6	June 5	June 4	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/39)	677.48	872.71	875.16	665.82	947.47 (14/2)	760.90 (2/1)
Metals & Minls (1936/39)	5589.02	5543.56	5616.73	5461.27	6688.65 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.49	67.11	(c)	67.22	68.48 (7/1)	67.22 (4/6)
BELGIUM						
Belgian SE (31/12/63)	98.40	96.38	96.68	95.84	105.75 (11/2)	98.14 (31/5)
DENMARK						
Copenhagen SE (1.1/73)	78.80	78.76	(c)	78.27	86.74 (2/1)	74.78 (5/5)
FRANCE						
CAC General (29/12/61)	109.7	109.80	109.5	108.8	117.80 (22/6)	97.1 (6/1)
Ind Tendance (28/12/79)	106.5	106.70	106.4	105.9	109.70 (13/2)	95.90 (5/1)
GERMANY						
FAZ-Aktien 31/12/58	224.98	224.48	(c)	223.61	258.29 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	708.3	705.80	(c)	702.5	748.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	85.9	88.2	85.0	84.1	87.6 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	66.6	66.5	65.8	65.5	69.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	956.05	925.49	906.07	899.58	966.17 (15/2)	759.8 (18/3)
ITALY						
Banca Comm. Ital (1972)	98.48	97.76	07.48	07.12	99.48 (9/6)	63.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6823.04	6821.24	6785.93	6826.18	6904.81 (25/4)	6475.33 (27/3)
Tokyo New SE (4/1/68)	465.11	464.51	464.12	468.04	472.65 (14/2)	449.61 (18/3)
NORWAY						
Oslo SE (1/1/72)	135.66	132.28	132.91	130.29	144.70 (14/2)	116.12 (28/3)
SINGAPORE						
Straits Times (1966)	536.65	528.31	522.21	522.55	536.55 (6/6)	428.76 (6/1)
SOUTH AFRICA						
Gold (1958)	(u)	828.7	(u)	815.7	881.8 (2/6)	505.8 (4/1)
Industrial (1958)	(u)	524.8	(u)	517.8	528.1 (28/5)	458.0 (29/1)
SPAIN						
Madrid SE (28/12/79)	(c)	85.19	(c)	87.97	105.29 (21/2)	85.78 (15/5)
SWEDEN						
Jacobson & P. (1/1/63)	370.73	371.12	370.58	370.50	396.98 (8/2)	354.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	294.1	294.3	294.5	295.8	317.6 (11/2)	284.5 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	169.1	168.8	167.9	143.3 (13/2)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Gulf Western	786,200	17⅞	+⅛
Mont. Pwr.	832,100	27⅛	+1⅞
Gell United	531,000	21	+⅛
Dart Indus.	510,300	43⅞	—
Eastman Kodak	396,800	55⅞	+1⅛
General Motors	390,500	44⅞	−1⅛
Texaco	331,200	35⅞	+⅛
IBM	323,400	57⅞	+⅛
May Dept. Stores	613,000	23	−⅛
Dow Chemical	314,100	33	−⅞

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COMMODITIES AND AGRICULTURE

Concern over sugar premiums

By Our Commodities Editor

LONDON sugar traders were reminded yesterday that there should be no difficulty in liquidating "open" positions on the No. 2 futures contract that expires at the end of October. The committee of the terminal market association pointed out that it had powers to authorise tendering of sugar eligible for import into the EEC should any emergency situation develop as a result of tenders under the No. 2 contract being restricted to imports from Lome Convention supplying countries only.

The reminder from the committee follows market concern over the large open position left in the two remaining months of the No. 2 contract (August and October), and the fact that prices in the expiring contract are at a premium to the new contract coming in.

Yesterday the August position on the expiring No. 2 contract remained at a premium of £9.50 over the position on the incoming contract. The bulk of trading activity is still concentrated on the old contract and it is thought this may explain the unjustified differentials.

Prices opened higher, with the London daily sugar price lifted by £13 to £298 a tonne.

Rubber prices well ahead

LONDON — Rubber prices remain well above the upper intervention point of the future international rubber agreement whose buffer stock will, therefore, not become effective in the forseeable future, Rubber Growers' Association Chairman Archibald Hamilton said.

He told the Association's annual meeting the immediate value of the agreement, which becomes operative after its location and officials have been decided in October, lays in the safety net which it provides against a severe drop in price.

Rubber producers can derive some reassurance from this safety net at a time when they are being urge dto cultivate and replant natural rubber to meet expected demands of the rest of this country, Mr. Hamilton said.

The Malaysian government has become very aware of the substantial switch from rubber into oil palms in recent years.

Ban on subsidised potato imports

BY RICHARD MOONEY

BRITAIN HAS banned imports of new potatoes from Spain and Greece because of Government subsidies which were allowing them to undercut prices of domestic supplies.

The ban, which came into effect at midnight, has been warmly welcomed by British growers. "British farmers can compete effectively with free be expected to compete against and fair trade, but they cannot heavily subsidised imports," said Mr. Alan Jackson, vice-president of the National Farmers' Union (NFU).

Spanish supplies had been reported to be receiving a £43 a tonne subsidy while the Greeks were getting £55 a tonne. Following a bumper crop, the Spaniards had boosted their shipments to Britain. By the end of last week 33,000 tonnes had arrived against 22,000 tonnes in the whole of last season. Export subsidies had been granted covering 40,000 tonnes of Spanish potatoes and it is thought most of these were destined for the UK. It had been feared that subsidies might be granted on further amounts once this first tranche had been shipped. Greek shipments to Britain, which had reached only 371 tonnes last week, were expected to be at their usual level of about 15,000 tonnes.

Britain normally imports about 350,000 tonnes of early new potatoes out of its total supply of 400,000 tonnes

Announcing the ban yesterday, Mr. Peter Walker, the UK Agriculture Minister, said: "I am not prepared to tolerate imports of new potatoes subsidised to an extent which will severely affect our market and ruin the legitimate expectations of our own producers."

● With supplies of British main crop potatoes expected to be plentiful this year the Government has kept its guarantee price at last year's level of £43.94 a tonne. If prices fall below this level the difference will be paid to producers out of public funds. If necessary the Potato Marketing Board will remove up to 500,000 tonnes of main crop potatoes from the market to prevent prices falling too low.

Copper prices sink

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices sank to the lowest level for nine months on the London Metal Exchange yesterday with cash wirebars closing £14.5 down at £867.5 a tonne.

The fall was attributed partly to the strength of sterling against the value of the dollar. But the market was also depressed by continued poor consumer demand and the generally gloomy outlook for industry.

The fall in copper stocks held in LME warehouses—down by 475 tonnes reducing total holdings to 115,675 tonnes — was slightly less than market predictions.

Sentiment among copper traders and producers remains very depressed in view of the recession in the U.S. particularly, which appears to be worst than feared.

So far there is an uncanny parallel with the 1973 oil crisis, when metal prices first enjoyed a short-lived boom before moving into a lengthy period of depressed demand. Talk of further oil price rises yesterday did nothing to help improve sentiment, offsetting the further cut in U.S. interest rates.

A hefty rise in tin stocks, up by 375 tonnes to a total of 2,335 tonnes, brought a sharp fall in the market. Cash tin dropped by £135 to £7,285 a tonne moving to a discount below the three months quotation, which lost £60 to £7,305.

Other base metal markets were also hit by the firm tone in sterling and depressed conditions. The only exception was nickel futures, which was boosted by a fall in warehouse stocks — down by 402 to 7,080 tonnes. Other stocks movements: Lead up 925 to 20,375 tonnes; zinc up 50 to 58,775; aluminium down by 475 to 24,300 tonnes.

LME silver holdings recorded another big increase rising by 1,130,000 ounces to a total of 27,240,000 ounces. However, it was claimed that a large proportion of these stocks are very firmly held and not likely to be sold at current prices.

Cocoa fluctuates sharply

By Our Commodities Staff

A SHARP rise in cocoa prices on the London futures market was succeeded by an even sharper fall in late trading which left the September position £8.5 down on the day at £1,109 a tonne.

In the morning the prompt July position had risen the £40 a tonne permissible daily limit and the September price reached £1,154 as the technical reaction against the recent decline continued.

Dealers said speculators were covering against earlier "short" sales encouraged by "bullish" chart predictions. The improving prospects for a new cocoa agreement between producers and consumers were also quoted as encouraging the rise.

But traders sold off rapidly near the close following reports that Nigeria had made cut-priced sales of cocoa for June/August shipment. Last week Nigeria was reported to have sold about 1,000 tonnes of cocoa at a premium of about £30 in the futures price but yesterday's sales were only about £10 above futures, dealers said.

These reports triggered wide spread liquidation by traders and speculators which quickly wiped out the earlier gains.

Drought will cut India's wheat output

NEW DELHI — India's wheat production is expected to fall by 2m to 3m tonnes in 1979-80 from last year's 35m tonnes, Minister of State for Agriculture Mr. R. V. Swaminathan told parliament, yesterday. But because of a comfortable stock position, this is not likely to pose any problem, he said.

Official wheat purchases from farmers as a price support measure fell due to low market arrivals and higher open market prices, with purchases from April-May to June 5 at 5.5m tonnes compared with 7.9m in the same period last year, he added.

India's unprecedented drought has affected crop areas over about 3.86bn hectares, Mr. Swaminathan said.

● A spokesman for the Australian embassy in Washington here said that primary industry minister Mr. Peter Nixon is expected to hold discussions with U.S. officials on Thursday concerning the U.S. embargo

ALUMINIUM SMELTING

Solving the energy problem

BY ROY HODSON

THE WORLD aluminium industry is faced with a conundrum. How will it cope with a rising demand for the metal of at least 4 per cent a year during the 1980s while the economics of production are working decidedly against expansion?

The industry's basic requirement is abundant electricity generated at low cost to run the power-hungry smelting process. But sources are becoming scarcer, more expensive, and ever more remotely sited away from the world's main industrial centres.

Almost without exception the main companies are thinking beyond their traditional production regions and are now investing expensively in new smelters wherever power can be found. Western world smelting capacity is likely to rise by some 5m tonnes annually to at least 18m tonnes a year by the mid-1980s. The investment round will cost the industry £8.5bn.

Most of the money will be spent near coal or hydro sources in Australia, New Zealand, other Pacific Basin countries, and in central and south America. Opportunities to make more aluminium in traditional production areas—North America and Europe—will increasingly be constrained by lack of power.

The alternative approach is to make better use of the electricity that is available for aluminium production. Pechiney of France believes it has an answer. That is why producers' representatives from many countries are beating a pathway to the remote town of St. Jean de Maurienne in the French Alps where Pechiney is running new equipment to make aluminium on a commercial scale.

Aluminium production was pioneered in the 19th century in this high valley in the Alps, next to fast-flowing rivers which provide hydro-electric power. Now the group is claiming that its new technology, which was brought into production only a few weeks ago, can show savings of between 10 per cent and 30 per cent in power consumption over existing aluminium smelter installations. Savings of that order could revolutionise the industry during the next ten years, enabling the growth in world aluminium demand to be partially achieved by the upgrading of existing smelter installations.

Alcoa of the U.S. is working upon similar lines to squeeze more aluminium metal out of smelters for the finite amounts of power available. Some of Alcoa's developments in conventional pot-line smelting have already been adopted by Alcan of Canada for new smelters.

Both Pechiney and Alcoa are developing the Hall-Heroult process by which aluminium is smelted from alumina in pots by an electrolytic method.

Intrinsically the process looks straightforward. But raising it to new levels of efficiency has been a complex task. Technology offered by the two companies is now acknowledged to be well ahead of anything else available.

Other ways of producing the metal have been tried. Alcan spent $40m on a new process between 1948 and 1967 before abandoning it. Alcoa also has a process for making aluminium by a direct reduction method which has been hailed as promising energy savings of more than 30 per cent. But the project has undergone extensive re-design in the pilot stage and is not commercial yet.

M. Georges-Yves Kervern, a Pechiney management high-flyer, who is in charge of negotiating deals for the use of the new Pechiney smelting technology, is at present in a position of being able to pick and choose his customers.

One of the first to buy has been British Aluminium after Mr. Ronnie Utiger, chairman, looked for a new process to maximise use of his company's limited Scottish hydro-electric power sources. The new British Aluminium pot-line at Lochabre is now being built. Aluminium production there will be increased by more than one-third with no attendant increase in power consumption.

The new Pechiney technology is also to be used to expand the Norsk Hydro Karmoy plant in Norway, and in the construction of a giant new Australian smelter of 220,000 tonnes a year capacity to be built by Pechiney in association with other companies in New South Wales.

Pechiney will build another smelter for Bharat Aluminium company of India if financing can be arranged. The new technology may also be used for two other big smelter schemes in the Pacific Basin and South America.

Older aluminium pot-lines are dirty places to work in. The control of fumes is a constant problem. Even the recent technology of the 1970s is not free from those difficulties.

Pechiney has now managed to devise a closed system of electrolysis which collects 98 per cent of the fumes and feeds the pots with raw material by an automatic internal system. The specific power consumption to produce one tonne of metal is put at 13,500 kilowatt hours compared with between 14,500 kilowatt hours and 17,000 kilowatt hours in conventional smelters.

Already one tonne of every five tonnes of aluminium smelted in the west is produced by Pechiney technology. The race is now on for dominance between Pechiney and Alcoa in the new, energy saving, generation of aluminium smelting systems.

Solid prospects for wool market seen

MONACO—The 1980-81 season is not expected to be as buoyant for wool as 1979-80 was but wool will still return a solid market performance, David Asimus, Australian Wool Corporation chairman, told the International Wool Textile Organisation's annual conference here.

He said the AWC has completed a detailed review of likely market conditions as a prelude to the setting of the floor price for the new season.

On the demand side, low economic growth in the consuming countries, higher interest rates and exchange rate uncertainties will have unfavourable influence.

"Against that, we have witnessed in recent years a steadying of wool's share of the fibre market, following the downward trend evident for much of the 1970s. In the face of increased hesitancy along the pipeline in early 1980, there has been evidence in some important countries of wool continuing to sell strongly at retail."

On the supply side, a 6 per cent decline in Australian shorn wool production in 1980-81, to 614m kilos, greasy, is predicted because of drought effects. Fleece weights are expected to be adversely affected and a slight shift in clip composition towards the finer end seems likely.

Total availability of Australian wool in the new season is forecast at 672m kilos, 8 per cent lower.

New Zealand's wool production is forecast to rise to a record 350m kilos in the present 1979-80 season, 9 per cent up on last season's 321m kilos and 4.8 per cent higher than the previous best clip in 1970-71.

The most significant feature of exports was a 40 per cent rise in Soviet buying to 30.1m kilos in the first eight months of this season, some 12m kilos higher than sales to the UK, traditionally New Zealand's biggest customer, he added.

John Clarke, chairman of the New Zealand wool growing industry said that if the Common Market's proposed sheepmeats policy fails to make adequate provision for future imports of New Zealand lamb into the UK and Europe, it would inevitably have a depressive effect on the growth of the sheep industry.

Although the 1979-80 wool season has been a good one, farmers have been faced with increases in operating costs of more than 20 per cent.

Palm oil futures trading start

KUALA LUMPUR—The Kuala Lumpur commodity exchange will begin trading in crude palm oil futures in mid-August, primary industries minister Paul Leong said at the weekend.

A one-month period of mock trading to train operators will begin around mid-July after construction of the trading floor and offices is completed.

The market will initially trade in futures contracts for 25 tonnes of crude palm for delivery in-tank at approved port installations at Pasir Gudang, Port Klang and Penang.

Mr Leong said the exchange will initially trade from 15.00 local time (07.30 GMT) to 18.00 (10.30 GMT) to provide a reasonable overlap with the opening of business in Europe.
Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange, mainly reflecting the rise in sterling against the dollar. Forward metal eased to £904 on the pre-market but fell sharply to £885 on the morning Kerb, with initial general liquidation triggering stop-loss selling below the £900 level. Thereafter the market staged a minor rally, owing to the steadier trend on Comex, with forward metal finally quoted at £896 on the late Kerb. Turnover: 23,925 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £882 874.5, 74, 73.5, three months £902, 03, 02, 900, 898, 97, 96, 95, 94, 92, 91, 92, 93, 95, 95.5, 95, 94. Kerb: Wirebars, three months £892, 90, 91, 89, 86, 85, 86, 87, 88. Afternoon: Wirebars, three months £887, 88, 89, 88, 90, 89, 88.5. Cathodes, three months £866. Kerb: Wirebars, three months £892, 93, 94, 95.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	875-.4	—10.2	867-.8	—14.5
3 months	894-.5	—15.5	885.5-.6	—11.7
Settlem't	874	—13	—	.....
Cathodes				
Cash			843-.4	—10
3 months	860-.3	—14.5	865-.6	—10
Settlem't	870-.2	—14.5	—	.....
U.S. Prod	852	—14	*95	.....

TIN—Lower following a fall on the Penang market over the weekend, coupled with a rise in warehouse stocks. The latter eliminated the backwardation and established a £20 contango by the end of the afternoon Kerb. Forward metal opened at £7,300 and fell away to £7,240 owing to general liquidation and hedge selling. However, during the afternoon the steadier trend in copper led to a recovery in the tin market with forward metal rallying to close the late Kerb at £7,290. Turnover: 910 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7260-70	—165	7270-300	—150
3 months	7290-315	—100	7340-60	—60
Settlem't	7270	—190	—	.....
Standard				
Cash	7260-70	—150	7270-300	—155
3 months	7250-5	—182	7300-10	—60
Settlem't	7270	—150	—	.....
Straits E.	$2165	—15	—	.....
New York	—			.....

Morning: Standard cash £7,260, 65, three months £7,280, 50, 40, 50. Kerb: Standard, three months £2,750. Afternoon: Standard, three months £7,260, 65, 70, 80, 60, 80, 70, 80, 7,300. Kerb: Standard, three months £7,320, 10, 15, 7,300, 7,290.

LEAD—Marginally easier with the market tending to follow the movements by copper. Forward metal opened around £317 and rose to £320 on the pre-market before falling back to £311 in the Rings owing to the stocks rise. The contango widened to £8 at this point. However, on the morning Kerb and throughout the afternoon the market was steadier in line with other metals with three months recovering to £316.5 before closing the late Kerb at £315.5. Turnover: 3,500 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	304-.5	—3	310-1	—1.5
3 months	312-.3	—4.25	316-.7	—1
S'ment	305	—8	—	.....
U.S. Spot	—	.....	*36-40	.....

Morning: Cash £306, 04, three months £315, 14, 12, 11, 12, 13, 14, 13, 12. Kerb: Three months £311, 12. Afternoon: Three months £312, 13, 14, 15, 18. Kerb: Three months £316, 17.

ZINC—Slightly lower after a day of routine trading with the market generally easier following the trend in other metals. After opening around the £303 level forward metal drifted throughout the day on general selling and small-scale stop-loss seling to end the afternoon Kerb at £296. Turnover: 4,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	287-.5	—3.5	285-.7	—4.5
3 months	298-.9	—2.75	297-.8	—3.25
S'ment	281	—4	—	.....
Primw'ts	287.5	—3.5	*37.5	.....

Morning: Cash £287, three months £300, 300.5, 300, 299, 98, 99. Kerb: Three months £298, 97. Afternoon: Three months £297. Kerb: Three months £297, 96.

ALUMINIUM—Easier following the weakness of the dollar. Forward metal opened around £732 but met persistent selling throughout the morning which depressed the price to £721. The market held steady in the afternoon to close the late Kerb at £721.5. Turnover: 4,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	722-.5	—17	723-.6	—10.5
3 months	723-.5	—14.7	721-.3	—10.7

Morning: Cash £722, 20, 21, three months £725, 26, 23, 24, 23. Kerb: Three months £719, 20, 21. Afternoon: Three months £721. Kerb: Three months £721.

NICKEL—Firmer as a larger than forecast decline in stocks encouraged short covering and demand for cash metal, with the contango narrowing to around £60. Three months opened at £2,770 and gradually moved up to close the late Kerb at £2,800 after a high of £2,820. Turnover: 306 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2730-40	+20	2740-50	+45
3 months	2790-800	+50	2800-10	+37.5

Morning: Three months £2,770, 80, 90. Afternoon: Three months £2,790, 2,800, 10, 2,800, 2,820, 15, 10.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 28.7p an ounce higher for spot delivery in the London bullion market yesterday at £7.589. U.S. equivalents of the fixing levels were: spot $17.85, up 82.5c; three-month $18.208, up 87.3c; six-month $18.86, up 88.1c; and 12-month $19.57, up $1.028. The metal opened at £7.2-£7.45 ($17-$17.5) and closed at £7.45-£7.70 ($17.5-$17.8).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	758.90p	+28.7	754p	+27.5
3 months	786.90p	+31.7	782.5p	+30.5
6 months	814.90p	+31.7	—	.....
12 months	864.90p	+37.7	—	.....

LME—Turnover 153 (144) lots of 10,000 ounces. Morning: three months 785, 84, 82, 84, 85, 84, 83, 82, 81, 82. Kerb: untraded. Afternoon: three months 780, 81, 80, 83, 83, 82. Kerb: three months 782, 83, 84, 85.

COCOA

Opening on a steady note futures moved £40 higher before a late wave of profit taking and stop selling pared the gains. Physicals failed to appeal to consumers although producers made light sales at the highs of the day, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1092-95	-0.50	1135-1088
Sep	1108-10	-8.5	1154-04
Dec	1156-57	-6.0	1194-50
March	1196-98	-9.8	1239-1196
May	1222-25	-9.5	1265-22
July	1240-52	-13.5	1278
Sept	1265-90	-4.8	—

Sales 5,474 (2,923) lots of 10 tonnes.

COFFEE

Robustas registered losses of £15-25 during the opening call, reports Drexel Burnham Lambert. The market fell below recent chart support levels to trigger some stop loss orders but fresh buying emerged to reduce the losses partially by midday. In the afternoon producer activity contributed towards a steady session and values gradually improved to finish around unchanged levels.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1227-88	—1.5	1690-55
Sept	1754-55	—4.0	1743-15
Nov	1761-62	—4.0	1757-36
January	1767-75	+2.0	1757-50
March	1730-50	+6.0	1725-15
May	1720-45	+5.0	1710-06
July	1700-45	+7.6	—

Sales: 4,328 (1,939) lots of 5 tonnes.

ICS Indicator prices for June 8 (U.S. cents per pound): Other Mild Arabicas 189.83 (192.50). Robustas ICA 1976 175.25 (178.00). ICA 1968 176.50 (176.25). Unwashed Arabicas 209.50 (210.00). Comp. daily ICA 1968 192.27 (194.50).

GRAINS

LONDON GRAIN FUTURES—The market opened higher with some buying interest in nearby options, selling pressure eased values back in fairly quiet trading the main volume being in Sept./Nov. positions, to close 10p-15p down on wheat and 15p-25p down on barley, reports Acli.

WHEAT Mnth	Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	95.05	—0.18	91.85	—0.28
Nov.	99.00	—0.18	95.85	—0.15
Jan.	102.80	—0.10	99.50	—0.15
Mar.	106.10	—0.28	103.00	—0.10
May.	109.55	—0.15	106.45	—0.25

Business done—Wheat: Sept. 95.30-95.15, Nov. 99.25-98.95, Jan. 103.10-103.00, March 106.40-106.30, May 109.90-109.85. Sales 132 lots of 100 tonnes. Barley: Sept. 92.20-91.90, Nov. 96.20-95.85, Jan. 99.95-99.60, March 103.15-103.10, May 106.45-106.30. Sales 118 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, June 89.75, July 90.75, Aug. 92.40, Sept. 93.60, Oct. 94.90, Nov. 95.90, Dec. 99.40 transhipment East Coast. Maize: French June 117.75, East Coast. S. African Yellow June-July 77.00. Barley: English Feed fob April-June 110.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 92.35, N. East 94.90, Scotland 92.00. Other milling wheat: Eastern 104.50. The UK Monetary Coefficient for the week beginning Monday, June 16 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 128 tonnes. Moderate inquiry did not mature into much actual business. Scattered interest was shown in certain varieties grown in North and Central America with occasional support in specialist African qualities.

RUBBER

The London physical market opened steadier, with little interest at higher levels, closing on an easier note. Lewis and Peat reported a Malaysian godown price of 295 (290) cents a kg (buyer, July).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	60.30-60.40	60.60-60.50	60.80
Aug	61.20-61.50	61.40-62.00	—
Jly-Sept	61.50-61.40	61.50-61.80	62.00-61.50
Oct-Dec	64.60-64.70	64.60-65.00	65.50-64.50
Jan-Mar	67.50-67.60	67.60-68.00	68.50-67.60
Apr-Jne	70.20-70.40	70.50-70.70	71.00-70.45
Jly-Sept	72.50-73.00	73.20-73.50	73.80
Oct-Dec	75.40-75.50	75.60-76.20	75.80-75.40
Jan-Mar	77.70-77.80	78.00-78.50	77.80-77.70

Sales: 238 (337) at 15 tonnes, 17 (6) at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.25p (59.00p). July 62.00p (62.25p). August 63.00p (63.25p).

SOYABEAN MEAL

The London Market opened with losses of up to £1 following continued strength in sterling, reports T. G. Roddick. Prices steadied during the afternoon on trade buying and finished with small losses.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	96.00-98.00	—1.0	96.00
August	100.50-00.0	—0.15	100.80-100.50
October	100.50-01.0	—0.10	100.80-99.50
December	103.50-04.5	—0.60	104.70-04.00
February	107.00-07.5	—0.40	—
April	108.00-10.0	—0.75	—
June	109.00-12.0	—1.00	—

Sales: 31 (45) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £298.00 (£285.00) a tonne cif for June-July shipment. White sugar daily price was £315.00 (£310.00).

The market first traded some £5 above pre-weekend levels but prices dropped some £5 below kerb closing levels following aggressive offerings from one quarter. Thereafter, quotations were confined within a £4 trading range throughout the day, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug.	243.50-43.75	245.75-43.80	257.00-43.00
Oct.	257.75-58.00	259.50-59.75	272.50-57.05

Sales: 7,436 (8,486) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). Aug. 334.00, 334.25; Oct. 354.50, 354.75; Jan. 368.25, 368.75; March 373.00, 373.50; May 369.00, 370.00; Aug. 355.00, 360.00; Oct. 355.00, 358.00. Sales: 2,845 (3,921).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £432.00 (£430.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for June 6: Daily price 27.98 (29.20): 15-day average 32.12 (32.42).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 477.0, 479.0, 479.0-475.0, 109; Oct. 467.0, 468.0, 469.0-463.0, 68; Dec. 466.5, 467.0, 468.0-464.0, 92; March 468.0, 469.0, 469.0-466.0, 62; May 468.0, 468.5, 471.0-466.5, 53; July 470.5, 471.0, 478.0-470.0, 30; Oct. 472.0, 473.0, 478.0-472.0, 5; Dec. 472.0, 474.0, 475.0-473.0, 5. Sales: 428.

BRADFORD — Prices were little changed but currency factors again caused a slightly easier tone. Poor demand in the UK and the export trade remains.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 370, 380, nil, nil; Oct. 372, 382, nil, nil; Dec. 373, 385, nil, nil; Jan. 375, 387, 383, 8; March 380, 390, 383, 6; May 380, 390, nil, nil; Aug. 380, 350, 383, 1; Oct. 381, 390, nil, nil; Dec. 382, 390, 386, 1. Sales: 14.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 9 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1720/1740	.....	$1770/80
Copper			
Cash w'bar	£867.5	—14.5	£888
3 mths	£885.75	—11.75	£913.5
Cash Cathods	£843.5	—10	£971.5
3 mths	£865.5	—13	£892.5
Gold troy oz	$625	+25	$513.5
Lead cash	£310.5	—1.5	£340.25
3 mths	£316.5	—1	£347.25
Nickel	£3,349.35	.....	£3,335
Freemkt(cif lb	270/300c	.....	265/305c
Platin'm'ry oz	£182.50	.....	£189/183
Free mkt	£221.50	+7.7	£247.80
Quicksilver†	$380/390	.....	$385/480
Silver troy oz	758.90p	+28.7	559.70p
3 months	786.90p	+31.7	577.70p
Tin Cash	£7,285	—155	£7,482.5
3 mths	£7,305	—60	£7,447.5
Tungsten22.04lb	$141.73	.....	$144.50
Wolfrm 22.04lb	$136/145	.....	$138/145
Zinc cash	£286	—4.5	£291
3 months	£297.5	—3.25	£302.5
Producers	$760-825	.....	$760/825
Oils			
Coconut (Phil)	$645x	.....	$650
Groundnut	.....		
Linseed Crude	£321	—13	£387
Palm Malayan	$567.50x	—2.5	$585
Seeds			
Copra Philip	$415	.....	$585
Soyabean (U.S.)	$263	.....	$269.58
Grains			
Barley Futures	£95.85	—0.15	£91.06
Maize	.....		
French No3AM	‡	‡	‡
Wheat			
No. 1 Red Spg.	‡		‡
No2HardWint.	‡		‡
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£1,175	.....	£1,277
Future Sept.	£1,109	—8.5	£1,281.5
Coffee F't Sept.	£1734.5	—4	£1,740.5
Cotton A.Index	84.65c	—0.90	88.60c
Rubber (kilo)	52.25p	+0.25	53.50p
Sugar (Raw)	£238	+15	£335
Woolt'p's 64s kl	224p kilo	.....	233pkilo

u July-Aug. a June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

TEA AUCTION

LONDON TEA AUCTION—48,706 packages offered at yesterday's auction. Selected brighter Assams were dearer, plain types landed lower. Bright East Africans were often easier, with mediums firm. Plain Central Africans were also sometimes dearer. Quality Ceylons sold well. Quotations: Quality 147p per kilo (150p); Medium 101p (103p); Plain 71p (71p).

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £3.60-£4.00, codlings £2.50-£3.70. Large haddock £5.00, medium £3.80-£4.40, small £2.50-£3.25. Large plaice £4.60-£5.00, medium £4.00-£4.60, best small £3.60-£4.30. Skinned dogfish (large) £8.50, medium £6.50. Lemon soles (large) £7.50, medium £6.50. Reds £1.90-£2.90. Saiths £2.00-£2.70.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 9. GB—Cattle, 82.08p per kg lw (−2.03). UK—Sheep, 155.26p per kg est dcw (−8.01). GB—Pigs, 68.55p per kg lw (−1.08).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 67.0 to 72.0, Eire hindquarters 84.0 to 87.0, forequarters 44.0 to 48.0. Veal: Dutch hinds and ends 100.0 to 106.0. Lamb: English small new season 70.0 to 78.0, Imported frozen—NZ PL 60.0 to 60.0, PM 57.0 to 57.0. Pork: English, under 100 lb 44.0 to 50.0, 100-120 lb 40.0 to 47.5, 120-160 lb 39.0 to 45.5.

COVENT GARDEN—Prices in sterling per package, except where otherwise stated. Imported produce: Oranges—Jaffa: Valencia Lates 50/189s 4.15-5.60; Egyptian: Valencia Lates 75/125s 2.50; Moroccan: 54/113s 3.50-4.20; Cyprus: Valencia Lates 3.60-4.30; Arizona: Valencia Lates 72/113 3.90-5.30; Outspan: Navels 3.80-4.30. Lemons—Italian: 100/150s 4.20-4.50; Spania: Trays 25/45s 1.80-2.20. Grapefruit—Cyprus: 20 kg 4.50-8.00; Jaffa: Boxes 40/56s 5.00-5.50; Outspan: 3.95-4.55. Apples—New Zealand: Sturmer Pippins 8.00, Granny Smith 8.00-8.20, Red Delicious 125/150s 9.00-9.40; Tasmanian: Jonathans 8.00-8.20, Golden Delicious 7.30-7.50, Spartans 8.00-8.20, Sturmer Pippins 8.00-8.20; Victorian: King Cole 8.90-9.00; S. African: Golden Delicious 9.00-9.40, Starking 7.30-8.30, White Winters 125/180s 8.70-7.00, Granny Smith 7.60-8.00; Argentina: Red Delicious 8.80; Dutch: Golden Delicious 2.30-22 lb; French: Golden Delicious boxes 40 lb 138/198s 4.80-5.80, 20 lb 3.00-3.20; Italian: Jonathans/Romes 40 lb 5.40-5.60, Winesap 5.20. Pears—S. African: Approx. 35 lb Beurre Bosc 7.20, Packham's 8.30-8.50, Winter Nelis 7.00-7.60; Italian: Passacrassano 12 lb 1.70-2.00; Victorian: Josephines 3.50-10.00, Packham's 9.50-10.50, Winter Nelis 8.20-8.50. Peaches—Spanish: Yellow flesh 3.50-4.50. Apricots—Spanish: 2.80-4.00. Grapes—S. African: Almeria 8.20, Emperor 9.00; Chilean: Emperor 7.00; Australian: Ohanez, approx. 23 lb 16.00. Strawberries—Per punnet, Italian: 0.27½; Spanish: 0.25, American: 0.90. Cherries—Per lb, French: 0.60-0.65; American: 1.00; Lebanese: 0.70. Melons—Israeli: Galia 5.50; Spanish: 8/11s 4.50. Ogens 4.00; Moriana 8 kilos 2.40-2.50; Israeli: Yellow 9.25-9.50. Water-melons—Israeli: 5.00; Spanish: 3.20. Avocados—S. African: 3.40-3.50. Bananas—Jamaican: 28 lb, per lb 0.18. Tomatoes—Dutch: 3.90-4.00; Guernsey: 3.60-4.00; Jersey: 4.00. Onions—Dutch: 6.50; Spanish: 6.50; Egyptian: 6.80; Texas: 7.30; Australian: 44 lb 6.50. Potatoes—Cyprus: New crop 20 kg 3.80; Jersey: Per lb, 0.06-0.6½; French: Dukes 2.50-2.60, Princesa 2.30; Greek: 3.20. Carrots—French: 22 lb 3.50, 28 lb 4.50; Italian: 3.50; Cyprus: 3.30. Beetroots—Cyprus: New crop, approx. 28 lb 3.00; Italian: 2.50. Cabbages—Dutch: White 2.60-2.80. Asparagus—Hungarian: Per bundle 0.60. Courgettes—French: Per lb 0.25-0.30.

English produce: Potatoes—Per bag 2.00-2.30. Mushrooms—Per lb 0.65-0.70. Apples—Per lb Bramley 0.11-0.20. Strawberries—English per ½-lb 0.20. Cabbages—Per bag 1.20-1.80. Cauliflowers—Per 12s English 3.50-4.50. Cucumbers—Trays 18/20s 2.40-2.80. Tomatoes—Per 12 lb 3.80-4.00. Rhubarb—Per lb outdoor 0.05. Onions—Per bag 8.50. Beetroots—Per bag, long 2.00. Celery—English 12/30s 3.80-4.50. Asparagus—Per lb 0.90-1.00. Lettuce—Cos 1.20, Webbs 1.20-1.50, round 1.20-1.30.

AMERICAN MARKETS

NEW YORK, June 9.

THE LIVESTOCK complex was sharply higher on reduced live receipts. Gold and silver prices advanced sharply on expectations of further oil price boosts by OPEC. Copper was lower on commission house selling. Sugar was lower on profit-taking. Light dealer covering pressured coffee values, while cocoa was lower on trade selling. Cotton firmed on commission house short-covering. The grain and soyabean complex was generally higher on carryover buying from other markets, reported Heinold.

Potatoes (round whites)—Nov. 73.8 (74.4), March 88.0-88.5 (89.0), April 101.8-102.5. Sales: 988.

Sugar—No. 11: July 29.90-30.20 (31.58), Sept. 31.95 (33.40), Oct. 32.70-32.90, Jan. 33.31-34.00, March 34.60-34.65, May 34.10-34.15, July 33.25-33.30, Sept. 32.25-32.35, Oct. 32.10-32.30.

Tin—779.00-792.00 asked (784.00-796.00).

CHICAGO, June 9.

Lard—Chicago loose 17.00 (same). New York prime steam 17.00.

Chicago Imm Gold—June 626.0-624.0 (609.0), July 630.0 (614.0), Sept. 638.0-639.0, Oct. 645.0, Dec. 657.0-658.5, Jan. 665.0, March 676.5-675.5, April 682.0.

Live Cattle—June 66.65-66.50 (65.65), Aug. 65.80-65.66 (64.45), Oct. 64.60-64.66, Dec. 65.80-65.60, Jan. 66.00, Feb. 66.55-66.60, April 66.95.

Live Hogs—June 34.70-34.82 (33.32), July 36.27 (34.77), Aug. 35.60-35.60, Oct. 36.07, Dec. 39.50, Feb. 42.47, April 41.05, June 43.50, July 44.90.

‡‡Maize—July 274-273¾ (273¾), Sept. 283-283¾ (283), Dec. 291¾-292, March 304¼, May 312, July 318.

Pork Bellies—July 29.75-28.30 (27.35), Aug. 28.90-28.70 (27.62), Feb. 44.45, March 44.45, May 44.90, July 45.95, Aug. 44.55.

†Soyabeans—July 622-622½ (615½), Aug. 630 (623¾), Sept. 638, Nov. 653-653½, Jan. 668-668½, March 683, May 695, July 704.

†Wheat—July 396½-397½ (394), Sept. 409½-409 (407¼), Dec. 428-429, March 444½-444, May 451, July 454.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‖ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 9.

Wheat—U.S. No. 2 Red Winter July $174.00, Aug. $178.00, Sept. $179.00. U.S. No. 2 Northern Spring, 14 per cent, June $190.00, July $191.00, Aug. $193.00, Sept. $194.00, Oct. $197.50, Nov. $201.00, Dec. $207.00. Rest unquoted.

Maize—June $137.75, July $138 traded; Spot $144.50, June $139.50, July $138.25, Aug. $139.25, Sept. $141, Oct.-Dec. $144.25, Jan.-March $153.

Soyabeans—U.S. Two Yellow Gulfports June $255, July $256, Aug. $259, Sept. $262.75, Oct. $264.75, Nov. $264.75, Dec. $270, Jan. $274, Feb. $279, March $281.75. Argentina June $249, July $245, Aug. $252, Sept. $257. Brazil Yellow Faq. afloat $253.50. Paraguay afloat $253.50.

Soyameal—44 per cent protein U.S. afloat $210, June $213, July $215, Aug. $219, Oct. $228, Sept. $222, Nov.-March $238. Brazil Pellets afloat $221, June $221, July $222, Aug. $225, Sept. $229, Oct. $235, Nov.-March $245.

PARIS, June 9.

Cocoa (FFr per 100 kilos)—July 1120, Sept. 1102-08, Dec. 1118-15, March 1130-55, May 1150, July 1160. Sales at call 7.

Sugar (FFr per 100 kilos)—July 3050-100, Aug. 3163-65, Oct. 3319-20, Nov. 3300, Dec. 3425-30, March 3485-560, May 3515, July 3525. Sales at call: 47.

INDICES

FINANCIAL TIMES

June 6	June 5	M'nth ago	Year ago
257.55	256.01	275.95	281.14

(Base: July 1, 1952=100)

MOODY'S

Jun 6	June 5	M'nth ago	Year ago
1121.7	1121.7	1124.2	1090.7

(December 31, 1931=100)

DOW JONES

Dow Jones	June 6	June 5	Month ago	Year ago
Spot	418.40	412.44	444.03	418.92
F'tur's	436.03	441.18	446.82	418.55

(Average 1924-25-26=100)

REUTERS

June 9	June 5	M'nth ago	Year ago
1670.5	1673.0	1721.1	1650.4

(Base: September 18, 1931=100)

MLR optimism continues to boost sentiment in equities
Gilts good on revived overseas inves'tment demand

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 9 am two business days earlier.

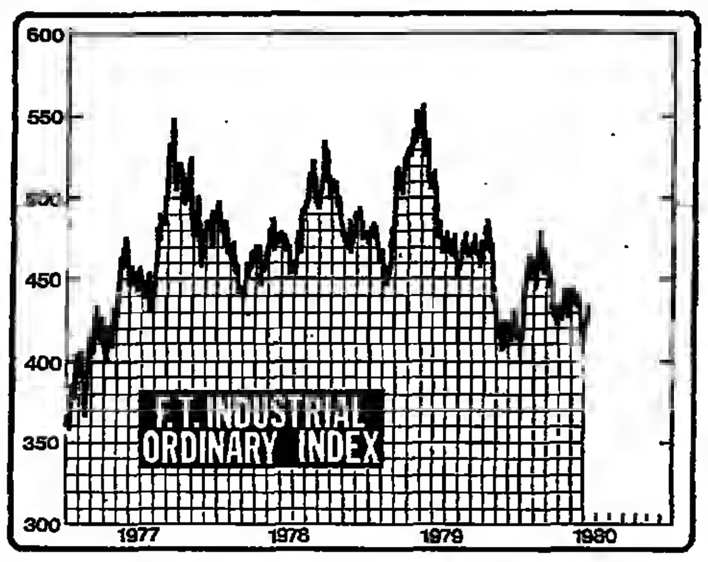
Hopes of an early cut in Minimum Lending Rate continued to dominate sentiment as the second leg of the trading Account in stock markets got underway yesterday. Mixed views on the near-term course of domestic interest rates failed to dampen recent optimism and selected industrial leaders made fresh progress. British Funds also made headway, the May banking statistics, due today, being looked to as a probable helpful influence towards an eventual downturn in lending rates.

Once again, activity in leading shares was at a fairly low ebb. But fresh investment buying often found the market short of stock and resulted in some useful gains. Final quotations were around the day's best and the FT 30-share index closed 5.9 higher at 434.4, having progressed fairly steadily throughout the session. Buying was evident in the recently depressed engineering sector, with Metal Box and Vickers prominent.

Overall trading conditions were rather quiet, but many individual features emerged. British Petroleum became prominent on speculation about further finds in the North Sea Ninian field, while Ferranti were particularly good following a report in the Financial Times that Scottish institutions are considering forming a consortium to bid for the NEB's 50 per cent stake in the company.

A revival of foreign demand for British Funds prompted widespread gains throughout the list. A reasonable two-way trade developed in short-dated stocks and, with buyers eventually gaining the upper hand, final quotations recorded rises extending to ½ end occasionally more. Mediums and longs ended up to ¾ higher, sentiment in this area of the market being given a further fillip by a favourable interpretation of the Wholesale Price Indices for May. Exchequer 13¼ per cent 1994, hardened $\frac{1}{16}$ to $40\frac{1}{16}$ for the £40-paid stock, bids of $40\frac{1}{16}$ having been refused by the Government broker.

Traded options remained active by recent standards, the 969 trades being slightly above last week's daily average of 906. Among those most in demand were BP and Lonrho with 159 and 139 deals respectively while Grand Metropolitan attracted 124 contracts in front of today's mid-term statement.



Suspended seven years ago at 38½p, Jenkins and Purser, now a finance facility company, made a quiet return to the market as dealers attempted to find a trading level: the shares, dealt under special rule, opened at 3p and closed at 5p.

Banks better

Helped by a broker's favourable circular, the major clearing banks made progress but closed a couple of pence below the day's best. Barclays added 5 to 430p as did Lloyds, to 305p. Discounts moved higher in sympathy with firm gilts. Clive gained 2 to 45p and Union 5 to 435p. Hambros stood out in merchant banks with a rise of 8 to 401p on renewed investment support.

Insurances closed firmer throughout following a moderate business. Sun Alliance led Composites higher with a rise of 14 at 594p, while Royals improved 6 to 330p. Among Lloyds brokers, Stewart Wrightson also improved 4, to 202p, following the chairman's optimistic remarks at the annual meeting.

Breweries closed with moderate rises following a steady trickle of institutional business. Allied firmed a penny to 78½p ahead of today's preliminary results. Whitbread, 150p, and Bass, 216p, both added 3. Speculative buying was again apparent for Greenall Whitley, 3 up at 193p, while Arthur Guinness, interim statement due on Friday, hardened 2 at 93p. Among Wines and Spirits, Distillers picked up 3 at 191p, while buying in a thin market lifted H. P. Bulmer 6 to 169p.

Investment buying was forthcoming for selected leading Building issues. Blue Circle firmed 6 to 330p and Tarmac 4 to 240p, while Costain hardened a couple of pence to 142p and Barratt Developments put on 4 to 106p. Wimpey, on the other hand, shed 4 to 65p, after 63p, following adverse Press comment. In Timbers, International improved a couple of pence to 114p awaiting today's preliminary results, while May and Hassell added 4 to 78p, after 79p, the latter after favourable Press comment. Montague L. Meyer, 95p, and Mallinson-Denny, 67½p, eased 2 and ½ respectively as bid hopes faded. Leyland Paint revived with a gain of 2 at 32p.

ICI firmed 4 to 360p, but turnover was modest. Among other Chemicals, Arrow shed 5 for a two-day fall of 12 to 50p reflecting the company's failure to meet its profit forecast.

Stores firm

Stores continued to make progress although, once again, business was light. Press comment helped British Home rise 6 to 270p, while GUS "A" 396p, and Mothercare, 238p, added 8 and 4 respectively. House of Fraser provided an isolated dull spot among the leaders, easing 5 at 136p following the latest bout of heated wranglings with Lonrho over the latter's move to press for a higher dividend at Thursday's annual meeting. Some outstanding firm spots developed in secondary issues; mail-order concern N. Brown jumped 5 to 32p in response to the increased annual profits and dividend, while speculative support in narrow markets lifted both John Michael, 24p, and Bremner, 54p, by 6. W. L. Pawson lost the turn to 41p despite announcing near-doubled full-year earnings, while the chairman's bearish statement last week continued to unsettle Owen Owen, another 6 lower at 108p.

Reports that a consortium of Scottish institutions is to bid for the National Enterprise Board's stake in the company lifted Ferranti 28 to 533p. Rumoured Ferranti suitors Racal held at 242p after announcing that the company has no intentions in that direction. Elsewhere among the Electrical majors, Thorn-EMI, 270p, and GEC, 360p, added 4 apiece. Electrocomponents continued to recover and improved 6 more at 518p, while Farnell finished 4 to the good at 270p.

Engineering leaders started the week in the same firm manner in which they finished last week's session. Having risen 14½ last week on nationalisation compensation hopes, Vickers were bolstered further by weekend Press comment and rose 5 to 126p, while Tubes were notable for a rise of 8 at 260p. Hawker hardened 2 to 176p as did GKN to 234p. Elsewhere, Matthew Hall, firm recently following the chairman's optimistic annual statement, jumped 18 more to 220p on an investment recommendation. Buying ahead of tomorrow's preliminary results lifted 600 Group 3 to 55p.

AB Foods rose 5 to 96p in response to preliminary profits at the top end of estimates. Northern, interim results on Thursday, added 3 to 126p, while Associated Biscuits, 78p, and Associated Biscuits, 78p, and couple of pence apiece. Among Retailers, J. Sainsbury firmed 5 to 373p and Tesco 3 to 59p, while gains of around 4 were seen in Bejam, 75p, and Nurdin and Peacock, 130p. Soft drinks concern A. G. Barr rose 7 to 133p in a thin market.

Grand Metropolitan touched 141p prior to closing up 2 on balance at 139p awaiting today's half-yearly results. Trusthouse Forte, a neglected market of late, revived with a gain of 4 at 175p.

Renewed support, some of which was institutional, helped the miscellaneous industrial leaders begin the week with improvements ranging to 8. The decision to bring its costly film production activities to an end buoyed the Rank Organisation which touched 194p before closing 6 up on balance at 192p. Buying ahead of preliminary statements, due tomorrow and Friday respectively, left gains of 8 in Metal Box, 270p, and Pilkington, 198p. Up 8 last Friday on reports that the company has been allowed to increase selected drug prices, Glaxo rose 4 further to 204p, while Beecham, at 129p, recorded a sympathetic rise of 3. Boots gained 4 to 189p and Unilever 7 to 443p.

Recently depressed by Land Securities' £108m cash call, Properties revived on hopes that Minimum Lending Rate will be reduced in the not-too-distant future. Land Securities picked up 4 to 310p, as did MEPC, to 199p, while Great Portland Estates firmed 6 to 229p, the last-named awaiting the preliminary results. Haslemere Estates found support and added 6 to 316p, after 318p, while Hammerson "A" hardened 5 to 865p. Elsewhere, Laganvale Estates put on 4 to 45p, after 46p; Mr. Jim Slater has acquired a 12 per cent stake in the company through Strongmead.

BP good

Oils passed a quieter session than of late on some caution about the outcome of the OPEC meeting in progress in Algiers. British Petroleum, however, were buoyed by Press suggestions of a new oil find close to the Ninian Field and rose 14 to 364p. Shell improved 4 to 402p. Press comment helped Tricentrol to a gain of 4 at 384p, after 388p, and Attock put on 6 to 292p for a like reason. Burmah, still overshadowed by the chairman's remarks at the annual meeting, slipped to 220p prior to closing at 223p for a fall of only a penny on balance. Elsewhere, profit-taking clipped 3 from Premier, 95p, and 5 from Siebens UK, 245p.

Sun Oil UK royalty units, issued in connection with the U.S. Sun Oil's successful bid for Viking Oil, made a prominent showing in first-time dealings. The shares opened at 750p and moved up to 818p in a small volume of dealings under special rule.

The chairman's warning of a probable interim loss prompted weakness in Albert Martin, 11 down at 38p.

Golds move ahead

Another upsurge in the bullion price coupled with a generally bullish weekend Press encouraged renewed demand for the mining sector.

South African Golds registered good gains as the bullion price rose $25 to $626 an ounce for a four-day gain of $73 to its highest level since early March. The Gold Mines index put on 6.2 to 339.9.

Quotations were marked up at the outset, reflecting American support in the after-hours trade last Friday, and sufficient support developed to leave them at or around the day's best at the close. Most of the buying interest emanated from the Continent.

Among the heavyweights, East Driefontein advanced ⅝ to £11¼ ahead of the June dividend declaration which is expected today, while Free State Geduld were active and finally ½ better at £24½. Southvaal moved up ⅜ to £10⅝, while similar rises were seen in West Driefontein, £37½, and Western Holdings, £28½.

In the cheaper-priced issues, South African Land responded to bullish Press comment with a rise of 27 to 370p. Loraine added 18 to 327p, buoyed by U.S. and Johannesburg interest, and Blyvoor put on 16 to a 1980 high of 755p, the last-named ahead of the dividend announcement.

London Financials gained ground in active trading. Favourable Press comment induced strong support for Rio Tinto-Zinc and Gold Fields which added around 7 apiece to 394p and 484p respectively.

The Australian Gold issues got off to a flying start, but gains were pared towards the close owing to sizeable profit-taking. A heavy turnover developed in all the leading gold stocks.

Gold Mines of Kalgoorlie touched a 1980 high of 372p before closing a net 8 firmer at 364p, North Kalgurli ended 2 harder at 83p, after a high of 88p, Poseidon 4 better at 192p, after 195p, and Samantha 5 to the good at 113p, after 116p. Whim Creek advanced 12 to 108p and Australian Consolidated Minerals 3 to 19p.

In a buoyant diamond exploration sector Conzinc Riotinto moved up 8 to 284p and Ashton Mining 5 to 142p.

FINANCIAL TIMES STOCK INDICES

—	June 9	June 6	June 5	June 4	June 3	June 2	A year ago
Government Secs.	68.22	67.75	57.75	67.36	67.47	67.11	72.85
Fixed Interest	68.75	68.42	68.35	68.21	68.20	68.12	74.48
Industrial	434.4	428.5	425.4	423.0	420.0	418.7	503.9
Gold Mines	339.9	333.7	337.2	328.0	321.0	339.2	204.8
Ord. Div. Yield	6.24	6.37	6.47	6.46	6.55	6.69	5.84
Earnings, Yld. % (full)	19.86	20.18	20.42	20.41	20.74	21.09	15.39
P/E Ratio (net) (*)	6.12	6.03	5.95	5.96	5.85	5.75	8.32
Total bargains	20,047	17,755	17,044	17,666	19,965	19,195	—
Equity turnover £m	—	96.18	121.75	95.86	94.76	94.00	69.39
Equity bargains total	—	12,661	14,804	12,964	13,936	14,874	14,576

10 am 431.1. 11 am 432.5. Noon 432.4. 1 pm 433.3.
2 pm 433.7. 3 pm 433.8.
Latest Index 01-246 8026.
*Nil = 5.72.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (22/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 9	June 6
—Daily		
Gilt Edged	112.2	113.7
Industrials	89.5	98.0
Speculative	54.2	47.8
Totals	87.3	76.8
5-day Av'ge.		
Gilt Edged	114.2	110.7
Industrials	101.3	105.4
Speculative	45.9	44.7
Totals	75.1	77.1

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	72	31	82	—	94	—	363p
BP	330	42	39	58	—	74	—	"
BP	360	90	70	40	4	56	2	"
BP	390	9	12	28	—	—	—	"
BP	420	3	—	14	1	—	—	"
Com. Union	120	17	3	20	—	—	—	134p
Com. Union	140	3	20	7	20	13	—	"
Cons. Gold	460	38	3	64	4	75	3	481p
Cons. Gold	500	19	26	42	5	54	—	"
Cons. Gold	550	4	24	18	4	—	—	"
Courtaulds	80	6½	10	12	—	12½	—	84p
Courtaulds	100	1	—	4½	9	5½	7	"
GEC	360	15	7	29	5	43	—	358p
GEC	390	4	13	15	27	39	—	"
Grand Met.	120	22	16	23½	—	—	—	140p
Grand Met.	130	13½	33	18½	—	—	—	"
Grand Met.	140	7	—	12½	75	19	2	"
Grand Met.	160	1	—	2	—	—	—	"
ICI	330	30	—	45	22	50	—	360p
ICI	360	14	3½	22	2	35	—	"
ICI	390	3½	16	11	1	22	15	"
Land Secs.	260	37	44	—	—	—	—	310p
Land Secs.	300	20	19	35	25	48	—	"
Land Secs.	330	3½	22	17	5	31	—	"
Marks & Sp.	90	2	—	8½	26	9½	5	86p
Marks & Sp.	100	½	5	4	—	—	—	"
Shell	360	48	29	56	—	72	—	402p
Shell	390	20	8	36	5	52	—	"
Shell	420	6½	—	18	3	33	—	"
Totals			463		234		33	
		August		November		February		
Imperial Gp.	80	3	1	5	—	8	—	77p
Lonrho	70	12	11	14	15	17	20	84p
Lonrho	80	4	11	16	—	—	—	"
Lonrho	90	1½	85	8½	10½	10	—	"
P. & O.	110	13	1	19	—	22½	—	116p
P. & O.	120	7	5	13½	1	15½	6	"
Racal Elec.	220	27	—	41	1	50	—	243p
Racal Elec.	240	14	8	27	—	36	—	"
RTZ	330	78	1	98	—	—	—	394p
RTZ	360	38	8	72	—	85	—	"
RTZ	390	32	12	49	—	62	—	"
RTZ	420	20	32	34	10	—	—	"
RTZ	460	6	18	17	—	—	—	"
RTZ	500	5	8	—	—	—	—	"
Totals			178		28		32	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., June 9, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. June 6 Index No.	Thurs. June 5 Index No.	Wed. June 4 Index No.	Tues. June 3 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	231.61	+1.1	18.96	6.94	6.53	229.02	227.04	225.71	224.41	261.81
2 Building Materials (28)	230.66	+1.7	18.67	7.13	6.60	226.72	225.53	223.24	221.68	246.51
3 Contracting, Construction (27)	340.89	+1.2	27.46	7.10	4.37	343.34	342.62	340.22	333.91	400.35
4 Electricals (16)	613.20	+1.0	13.75	4.12	9.42	606.88	601.64	599.02	593.49	614.17
5 Engineering Contractors (11)	282.57	+2.2	24.18	9.37	5.18	276.36	272.25	269.01	266.87	386.38
6 Mechanical Engineering (74)	154.47	+1.3	20.83	8.53	5.88	152.51	150.26	149.32	148.81	198.03
8 Metals and Metal Forming (16)	152.11	+1.0	22.94	10.76	5.25	150.60	149.81	149.89	149.70	179.53
CONSUMER GOODS										
11 (DURABLE) (49)	204.33	+0.7	16.04	6.22	7.64	202.85	202.10	201.98	200.48	242.94
12 Lt. Electronics, Radio, TV (14)	298.53	+1.1	12.24	4.48	10.46	295.23	294.50	294.22	291.24	329.25
13 Household Goods (14)	93.32	-0.6	32.01	11.27	3.68	93.87	93.58	93.65	94.35	171.74
14 Motors and Distributors (21)	95.43	-0.1	24.82	10.34	4.85	95.55	94.89	94.70	95.58	125.75
CONSUMER GOODS										
21 (NON DURABLES) (172)	215.46	+1.3	19.21	7.38	6.28	212.72	211.57	210.85	209.74	244.53
22 Breweries (14)	273.11	+1.4	16.57	6.66	7.09	269.44	267.89	266.39	264.68	275.27
23 Wines and Spirits (5)	288.02	+1.3	18.91	6.49	6.51	284.43	283.04	280.15	280.36	304.92
24 Entertainment, Catering (17)	307.67	+1.2	18.32	7.06	6.73	304.07	301.87	301.91	301.34	317.00
25 Food Manufacturers (21)	192.78	+1.7	20.35	7.64	5.77	189.59	189.00	187.95	187.39	225.36
26 Food Retailing (13)	314.08	+2.3	13.35	4.93	8.74	306.99	306.13	305.04	301.81	381.41
32 Newspapers, Publishing (13)	408.90	+0.2	23.36	7.15	5.78	408.03	408.30	407.78	407.09	445.11
33 Packaging and Paper (15)	126.35	+1.1	28.72	9.86	4.02	124.93	123.88	123.94	122.65	140.04
34 Stores (42)	208.88	+1.2	14.71	5.90	8.75	206.49	204.72	204.65	203.02	251.66
35 Textiles (24)	117.16	+0.2	29.04	11.19	4.25	116.89	117.01	115.53	115.75	177.25
36 Tobaccos (3)	204.40	+1.0	29.84	11.33	3.80	202.42	201.93	208.42	198.44	241.51
37 Toys and Games (5)	27.02	—	45.32	17.95	2.61	27.02	26.88	26.93	26.68	79.37
41 OTHER GROUPS (99)	203.45	+1.2	18.21	7.54	6.53	201.12	199.31	199.90	197.89	214.31
42 Chemicals (16)	296.53	+1.1	13.14	5.12	9.48	293.25	293.40	296.36	292.98	299.77
44 Pharmaceutical Products (7)	199.73	+2.0	12.83	6.91	9.60	195.88	193.82	191.73	187.75	231.16
45 Office Equipment (6)	107.55	+2.0	20.25	7.71	5.65	105.08	101.62	100.51	99.03	128.20
46 Shipping (10)	516.71	+0.8	13.71	6.84	8.92	512.74	504.40	499.93	499.15	487.00
49 Miscellaneous (60)	217.90	+1.0	18.71	7.38	6.77	215.63	212.18	212.71	211.12	259.41
59 INDUSTRIAL GROUP (492)	222.79	+1.2	18.68	7.23	6.48	220.20	218.67	218.15	216.70	248.91
61 Oils (6)	805.80	+2.4	28.64	6.39	3.85	787.22	798.15	791.31	771.74	670.26
70 500 SHARE INDEX	268.63	+1.4	20.93	7.04	5.62	264.81	264.21	263.21	260.59	283.07
71 FINANCIAL GROUP (118)	200.85	+1.2	—	6.14	—	198.55	198.29	198.52	197.19	196.44
72 Banks (6)	218.28	+1.1	44.86	7.06	2.73	215.82	215.65	213.07	210.51	234.46
73 Discount Houses (10)	249.82	+1.0	—	7.07	—	247.41	243.85	243.89	255.01	246.26
74 Hire Purchase (5)	202.97	+1.1	15.40	4.94	8.43	200.79	195.78	193.19	192.09	184.01
75 Insurance (Life) (10)	191.56	+1.0	—	6.65	—	189.68	187.67	186.03	183.70	150.51
76 Insurance (Composite) (9)	128.88	+1.4	—	8.39	—	127.07	125.15	125.23	126.51	123.93
77 Insurance Brokers (9)	301.46	+0.8	15.76	7.59	8.74	299.11	301.28	299.60	295.02	285.53
78 Merchant Banks (13)	107.34	+0.4	—	5.88	—	106.96	107.18	105.92	105.89	102.90
79 Property (45)	377.62	+1.2	3.72	2.95	38.33	373.17	375.28	366.34	365.17	351.57
80 Miscellaneous (11)	127.78	+0.9	17.34	6.83	7.33	126.63	126.80	126.61	126.04	125.23
81 Investment Trusts (109)	221.45	+0.7	—	6.21	—	219.95	218.58	216.34	213.34	221.08
91 Mining Finance (4)	194.74	+1.5	13.65	5.67	8.80	191.82	189.07	186.86	183.75	138.24
96 Overseas Traders (19)	349.27	+0.8	14.67	7.32	8.77	346.60	344.45	342.03	341.13	371.86
99 ALL-SHARE INDEX (750)	252.57	+1.3	—	6.78	—	249.28	248.57	247.67	245.28	259.27

FIXED INTEREST PRICE INDICES

British Government	Mon., June 9	Day's change %	xd adj. today	xd adj. 1980 to date
1 Under 5 years	104.31	+0.49	0.43	4.80
2 5-15 years	108.87	+0.67	0.81	5.63
3 Over 15 years	114.80	+0.76	0.17	4.96
4 Irredeemables	128.56	+0.75	—	8.93
5 All stocks	108.80	+0.65	0.42	5.02

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

		Mon., June 9	Fri., June 6	Year ago (approx.)
1 Low	5 years	12.05	12.17	9.86
2 Coupons	15 years	12.04	12.13	10.28
3	25 years	12.04	12.13	10.27
4 Medium	5 years	13.70	13.91	11.63
5 Coupons	15 years	13.73	13.84	12.04
6	25 years	13.61	13.75	12.07
7 High	5 years	13.88	14.05	11.85
8 Coupons	15 years	14.04	14.15	12.27
9	25 years	13.85	14.00	12.15
10 Irredeemables		11.40	11.49	11.11

	Mon., June 9 Index No.	Yield	Friday June 6	Thur. June 5	Wed. June 4	Tues. June 3	Mon. June 2	Fri. May 30	Thurs May 29	Year ago (approx)
15 20-yr. Red. Deb & Loans (15)	51.47	14.88	51.46	51.44	51.43	51.42	51.40	51.41	51.42	59.87
16 Investment Trust Prefs. (15)	47.88	14.11	47.79	47.79	47.79	47.79	47.68	47.68	47.68	51.78
17 Coml. and Indl. Prefs. (20)	61.88	14.48	61.84	61.84	61.84	61.80	61.80	61.80	61.80	73.04

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p. ● Corrected indices for Thursday, June 5.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	11	364	+14	412	320
Cons. Gold Fields	25p	9	484	+ 8	533	385
Premier Cons.	5p	9	95	− 3	98½	39½
North Kalgurli	A$0.3	8	83	+ 2	88	44½
RTZ	25p	7	394	+ 7	485	327
Western Mining	A$0.5	7	250	+ 2	264	177
Ewer (G.)	10p	6	52½	+ 1	55	44½
ICI	£1	6	360	+ 4	402	348
Shell Transport	25p	6	402	+ 4	410	314
Tricentrol	25p	6	384	+ 4	388	250
Unilever	25p	6	443	+ 7	480	388
Brit. Home Stores	25p	5	270	+ 6	292	226
European Ferries	25p	5	152	+ 2	152	98
Marks & Spencer	25p	5	86	+ 1	96	77
Marley	25p	5	83	+ 3	98	79

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

In a better business than of late, calls were produced in Woodside, BET, Coral Leisure, Premier Oil, Howard Machinery, John Brown, Candecca, Lonrho, FNFC, BP, New Throgmorton Warrants, Ultramar, Lasmo, Louis C. Edwards, Debenhams, Burmah, House of Fraser, Dunlop, Howden Group, Endeavour, British Land, Smith Bros., North Kalgurli, Poseidon, Town and City, Bougainville, Samantha, Charterhall and National Carbonising. A put was taken out in FNFC, while doubles were arranged in Debenhams, Coral Leisure, Woodside, FNFC, Smith Bros., Shell and Lonrho.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
65	F.P.	16/5	95	83	Amstrad Cons. Elect.	82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	—	180	135	‡‡Homeborn Mng. 15c	165	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	F.P.	20/5	76	70	Home Farm Prods 10p	76	+1	[illegible]	[illegible]	[illegible]	[illegible]
‡	F.P.	—	9	9	¶Jenkin & Purser 5p	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	—	255	230	Marsh&McLen'n US$1	£25¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
165	F.P.	—	[illegible]	[illegible]	Oakwood Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	27/6	110	94	Peerless	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Automated Sec. 8% Cnv. Uns. Ln. '90	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Folkestone & District Water 10pc Pref. '85	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Mid Southern 10% Red Prf. 1985	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	North Brit. Props. 9¼% Cnv. Uns. Ln. 1995-2000	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	North Surrey Water 8pc Pref. 1985	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Norwest Holst 11¼% Red Cum Pref 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brent Chemicals	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clifford's Dairies 'A'	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dencora	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Rand Cons.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fitch Lovell	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	First Castle Secs.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hawley Leisure	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Linfood	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rugby Portland Cement	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Silvermines	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Watmoughs	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (87)

BRITISH FUNDS (31)

CORPORATION LOANS (6)
Bath 11¼ pc 1985 — Liverpool 9¼pc '80-4
Glasgow 9¼pc '80-82 — Lon. Corp. 9¼pc '84-5
Herts. 6¼pc 1985-87 — LCC 5¼pc 1982-84

AMERICANS (1)
Chase Manhattan

BANKS (2)
Gibbs (A.) — Keyser Ullmann

BEERS (1)
Bulmer (H. P.)

BUILDINGS (2)
Blue Circle — Tunnel "B"

ELECTRICALS (1)
Ferranti

ENGINEERING (4)
Haden Carrier — Hawthorn Leslie
Hall (M.) — Metalrax

FOODS (3)
Barr (A. G.) — Sainsbury (J.)
Nurdin & Peacock

INDUSTRIALS (10)
Ashley Ind. Trust — Gosforth
BTR — Hanson Trust
B. H. Prop. — Pentland
European Ferries — Pitney Bowes Ln.
French (T.) — Wood (Arthur)

INSURANCE (8)
Bowring (C. T.) — Prudential
Britannic — Refuge
Equity & Law — Sedgwick
Provident — Sun Life

MOTORS (1)
Flight Refuelling

PROPERTY (1)
Laganvale

SHIPPING (1)
Fisher (J.)

TEXTILES (1)
Courtaulds 7pcDb. '82-87

TRUSTS (3)
SPLIT Cap. — London Inv.
Charterhouse Group

OIL AND GAS (5)
Arab Energy — Clyde Petroleum
Attock — Tricentrol
Berkeley Expl.

RUBBERS (1)
Malakoff

MINES (5)
Blyvoor — Whim Creek
Gold M. Kalgoorlie — Hongkong Tin
North Kalgoorli

NEW LOWS (42)

BANKS (1)
Corinthian

BUILDINGS (1)
Roberts Adlard

CHEMICALS (2)
Arrow Chems. — Halstead (J.)

STORES (4)
Blackman & Conrad — Home Charm
Comet Radio — Kitchen Queen

ELECTRICALS (3)
Chloride Group — Muirhead
Crystalate

ENGINEERING (4)
Arrow — Braithwaite
Alcan Aluminium — Duport

INDUSTRIALS (10)
Aaronson Bros. — Giltspur
Berwick Timpo — Maddock
Caravans Int. — Parker Knoll "A"
Crosby Spring — Staffs. Potts.
Denbyware — Uniflex

MOTORS (8)
BRF — Glanfield Lawrence
Armstrong Equip. — Hartwells
Arlington Motor — Jessups
Cowie (T.) — Lex Service

NEWSPAPERS (1)
Black (A. & C.)

SHOES (1)
Ward White

TEXTILES (7)
Beckman (A.) — Pickles (W.) "A" n/v
Brit. Enkalon — Stroud Riley
Martin (A.) — Toro-Consulate
Pickles (W.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	85	3	2
Corpns. Dom. and Foreign Bonds	27	—	39
Industrials	313	165	917
Financial and Prop.	207	31	263
Oils	20	16	16
Plantations	2	4	20
Mines	71	22	62
Others	28	58	62
Totals	753	299	1,381

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) [illegible]
Gilt Trust (I.o.M.) [illegible]
Gilt Fnd. Guernsey [illegible]
Intl. Govt. Secs. Tst. [illegible]
First Sterling [illegible]
First Intl. [illegible]

Kleinwort Benson Limited [illegible]

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund [illegible]
Far East Fund [illegible]
Intl. Currency Fund [illegible]
Dollar Fxd. Int. Fund [illegible]
Ster. Exempt Gilt Fd. [illegible]

Providence Capital Life Ass. (C.I.) [illegible]

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV May 31 US$10.22

Strongfield Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust [illegible]

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(c)(g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥ (a)

Canada Life Unit Trust. Mngrs. Ltd.♥

Capel (James) Mngt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Cent. Board Fin. of Church of Eng.♥

Charities Official Invest. Fund♥

Chieftain Trust Managers Ltd.♥ (a)(g)

Charterhouse Fund Managers (g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.♥

Funds in Court♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.♥

M & G Group♥ (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group♥

Schlesinger Trust Mngrs. Ltd. (a)(z)(g)

J. Henry Schroder Wagg & Co. Ltd.♥ (a)

Scottish Equitable Fnd. Mgrs. Ltd.♥

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥ (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs.♥ (c)(y)

Tyndall Managers Ltd.♥

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. † Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.♥

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♦

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Keyser Ullman Ltd.

Kemp-Gee Management Jersey Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

61½	56½	Agric. Mt. 5pc '59-89	59½xd	+½	8.35	12.52
80	73½	Alcan 10½pc '89-94	75xd	......	14.00	14.80
28½	25	Met. Wtr. 3pc 'B'	27¾	+½	11.12	13.16
103	89	U.S.M.C. 9pc 1982	103	......	8.75	—
91	85½	Do. without Warrants	91	......	10.40	16.20

LOANS—Continued

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

INSURANCE

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
25	21	Acmex 50c	25	......	—	—	—
[illegible]							

Tins

[illegible]

Copper

235	130	Messina R0.50	180	......	mQ10c	ϕ	3.2

Miscellaneous

170	78½	Anglo-Dominion	145	−15	—	—	—
97	56	Barymin	60	......	—	—	—
17	12	Burma Mines 10p	16½	......	0.62	1.1	5.4
502	320	Cons. Murch. 10c.	330	......	MQ100c	1.8	18.0
585	325	Northgate C$1	400	......	—	—	—
485	327	R.T.Z.	394	+7	15.0	3.2	5.4
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1.	32	+1	—	—	—
650	411	Tara Exptn. $1	440	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ¤ No par value.

‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	29	......	Conv. 9% '80/82	£88⅝	+⅛
Bertam	17	......	Nat. 9¾% 84/89	£77¾	+⅞
Bdg'wtr. Est. 50p	470	......	Fin. 13% 97/02	£86	+⅞
Clover Croft	60	......	Alliance Gas	45	......
Craig & Rose £1	£18½	......	Arnott	360	......
Fife Forge	32½	......	Carroll (P.J.)	50	......
Finlay Pkg. 5p	18	......	Clondalkin	115	......
Graig Ship. £1	£14½	......	Concrete Prods.	75	......
Higsons Brew.	73	......	Helton (Hldgs.)	34	−2
Holt (Jos) 25p	250	......	Ins. Corp.	245	......
I.O.M. Stm. £1	180	......	Irish Ropes	55	......
Pearce (C. H.)	455	......	Jacob	85	......
Peel Mills	40	......	T.M.G.	90	......
Sheff. Refrshmt.	103	......	Unidare	93	......
Sindall (Wm.)	140xd	......			

OPTIONS

3-month Call Rates

[illegible]					
Debenhams	0	Nat. West. Bank	27	Brit. Petroleum	32
Distillers	17	P & O Dfd.	10	Burmah Oil	20
Dunlop	7½	Plessey	14	Charterhall	10
Eagle Star	15	Racal Elect.	22	KCA	11
F.N.F.C.	2¼	R.H.M.	4½	Premier	13
Gen. Accident	22	Rank Org.	15	Shell	35
Gen. Electric	30	Reed Intnl.	16	Tricentrol	40
Glaxo	18	Spillers	5	Ultramar	35
Grand Met.	12	Tesco	6	Mines	
G.U.S. 'A'	34	Thorn	25		
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	25	Cons. Gold	40
Hawker Sidd	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

FINANCIAL TIMES
Tuesday June 10 1980

Schmidt attacks EEC costs 'imbalance'

By JOHNATHAN CARR IN ESSEN

CHANCELLOR Helmut Schmidt of West Germany yesterday called for a more balanced share-out of the costs of the EEC among its member states, and set the end of next year as a deadline for action to achieve this. He noted that this would mean changes in the EEC farm sector.

Speaking here yesterday to the national congress of his ruling Social Democratic Party (SPD), Herr Schmidt stressed to loud applause that the EEC must not become "a self-service store for special interests."

He said the recent compromise on Britain's EEC bndget problems would cost West Germany an extra DM 2.5bn (£600m) this year and next; in 1981 alone the Germans would pay DM 5bn more to the EEC budget than they received from it.

"Other EEC states who in per capita terms are hardly poorer than we are will be major net recipients," be noted.

ft was therefore essential to remove the causes of this imbalance by 1982. Apart from anything else, the EEC would not be able to pay the costs of integrating Greece, Portugal and Spain without farm policy changes and a more balanced sharing of the burden.

Herr Schmidt did not suggest that the EEC might have to slow down the enlargement process as President Valery Giscard d'Estaing of France did last week. But be noted that the President had been drawing attention to the same problem.

Nor did the Chancellor outline how to achieva the more balanced financing he proposed. But last week it was asked in the Bonn Cabinet whether ceilings might be put both on the sums member countries received from the EEC and on the sums paid to it.

A major debate on EEC financing seems unlikely before the French presidential election early next year. But the West Germans expect that soon after that, serious debate and firm action will be needed, since soaring EEC'a costs threaten to exceed the finance available through the EEC's system of own resources.

Elsewhere in his speech Herr Schmidt renewed his call to East and West not to deploy intermediate range nuclear missiles for three-years, while negotiations went ahead on arms limitation.

This is bound to be a key topic when Herr Schmidt visits Moscow at the end of this month.

Herr Schmidt's remarks were the main contribution on the first day of the two-day congress, at which the SPD has to approve its campaign programme for the General Election on October 5. The party is also expected to approve a continued coalition with the liberal Free Democrats (FDP), who have themselves just voted to prolong their Government alliance in Bonn for another four years.

Herr Schmidt delivered his address mainly in a low key—for what are believed to be two main reasons.

Soviets may begin new gas export talks soon

By Kevin Done in Frankfurt

NEGOTIATIONS on ths Soviet Union's next major project to export natural gas to western Europe could begin later this year, opparently unaffected by the political tensions arising from the invasion of Afghanistan.

Ruhrgas, West Germany's leading gas importer and distributor, said yesterday thot the Soviet authorities had msde clear in recent talks in Bonn that it may make a decision on the scheme in the next few weeks.

A consortium of gas companies from West Germany, France, Austria, the Netherlands, Belgium and Italy began preliminary talks on the gas export scheme with Moscow more than 18 months ago.

But Dr. Klaus Liesen, chairman of Ruhrgas, said yesterday that during talks in Bonn 12 days ago, Mr. Nikolai Tikhonov, the Soviety deputy Premier, had indicated that a decision to go ahead could be mada by the middle of this year.

The opening up of new natural gas resources from the USSR would be of major importance to several countries in continental western Europe, which in recent months have suffered serious disappointments over gas export schemes with Iran and Algeria.

Ruhrgas estimates that an investment of around DM 20bn (£4.8bn) would be necessary to build a new pipeline from gasfields in western Siberia to bring the gas more than 5,000 km to consumers in western Europe.

In discussions with Ruhrgas the USSR has talked of making available an additional 40bn cubic metres of natural gas a year to western Europe with deliveries starting in the mid-1980s.

The political tensions of recent months between East and West are understood to have had little effect on the gas talks. Bonn is scrutinising more carefully the implications of becoming even more dependent on the USSR for energy, but it has placed no obstacles in the way of the preliminary discussions.

CBI likely to shelve its strike insurance scheme

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADING POLICY-MAKERS ot the Confederation of British Industry have decided that they sbould not proceed with their proposed strike insurance fund. The fund was originally expected to have an annual income of £100m to £150m.

This is a blow to tha CBI's sttemt to build employer solidarity against trades unions and to change the balance of power in industry.

The attempt was launched last year by the late Sir John Methven, CBI director general.

An insufficient number of large companies agreed to invest in the fund and CBI leaders are preparing to recommend to their monthly council meeting next week that the idea be put on ice for a year or more.

Another idea being canvassed, which bas gained little support, is that the fund should be launched only for the CBI's small businesses, which have shown most interest in gaining insurance protection.

During the past two months, CBI leaders tried to entice large companies into the fund. They said that, though a company might not be interested in ths insurance idea, it should be willing to invest in the CBI'a efforts to increase employer solidarity.

But most companies were loth to enter, especially when they face cash problems. Many doubted tha commercial benefits because they were told they might be called on to double or treble their premium if there were extensive calls on the fund.

Personnel directors said confrontations with trades unions could increase, and some factory managers said that they did not want their businesses to suffer tha stigma of being put into the scheme.

This was a reaction to an idea put forward by the CBI that, instead of insuring all its plants, a major company might cover only selected establishments. Major company names could then have been attached to the scheme without having to pay perhaps £1m or more each for all their activities to be covered.

Some companies also said they do not want to subsidise other companies' disputes of which they might not approve.

Because of opposition, CBI leaders said, for the past couple of months, that there was only a 50-50 chance of the scheme proceeding this year. They considered if it was possible to launch it with an initial income of only £50m a year.

It is clear, however, that although some companies' replies are still to arrive, there will not be sufficient spread of risk across industry and commerce, especially among larga companies, for the plan to proceed.

But proponents of the scheme believe it will only take one more winter of serious industrial trouble for companies' views to change.

Government proposes new 'simplified' building controls

BY ANDREW TAYLOR

GOVERNMENT proposals which would allow the building industry to take away from local suthorities responsibility for monitoring and enforcing building controls are contained in a consultative paper published yesterday.

The paper, published by the Department of Environment, also proposes to exempt minor works such as greenhouses and detached garages from controls which it plans to replsce with simplified guidelines instead of the present detailed specific building regulations.

Under the terms of the paper developers and owners of private and commercial buildings would be able "to opt for building controls to be exercised by nationally-approved professional 'certifiers' as an alternativs to local authority control."

Chartered surveyors said last night that the proposals, if implemented, could lead to o sharp increase in the level of insurance cover needed by builders and their professional advisers, who would have increased responsibility in the extent of a building failure.

The Royal Institution of Chartered Surveyors said that it welcomed in principle the moves towards greater "self regulation" by the building industry but had doubts whether some of the proposals would, in practice, prove workable.

One body which might qualify as a "certifier," says the Department of Environment, is the National House-Building Council, which already asts as the consumer watchdog for the housebuilding industry and arranges insurance cover for builders against claims from owners.

However, the Council in a submission to the Department earlier this year, said that while a system of self-regulation, backed by insurance cover, was feasible for low-level housing it had grave reservations about such a scheme being extended to major construction projects because of the higher cost of insurance premiums.

At present the responsibility for enforcing controls falls on local authorities.

The consultative paper says that the question of future liability for building control will form part of a Law Reform Committee review. It suggests that a time limit should be set for liability resulting from failure to comply with building controls.

The Royal Institution of Chartered Surveyors was also worried about a proposal to exempt all local authority and nationalised industry buildings from controls even though their premises will still be expected to meet building regulation standards.

ft also criticised moves towards a simplified code. "This will be open to interpretation by whoever enforces building controls. Architects already often have to refer back to local authorities for more detail on the exact meaning of regulations," said a spokesman for RICS.

Japanese Premier may miss summit

By Charles Smith, Far East Editor in Tokyo

Mr. Masayoshi Ohira, Japan's outgoing Prime Minister, now seems almost certain to miss the summit of world leaders to be held in Venice later this month.

A report on Mr. Ohira's health issued in Tokyo last night by o team of specialists said he needed to stay in hospital for at least another two weeks for detailed heart and liver examinations.

Although Mr. Ohira's condition is described as stable, the report implies some doubt about the nature of the illness. Mr. Ohira, aged 70, entered hospital just over a week ago complaining of exhaustion.

In a statement last night, through the chief Cabinet Secretary, Mr. Ohira indicated that he personally would decide whether to attend the summit, but that the decision might not be made until early next week. The chances that he will maka the trip appear slim, however.

It has also become impossible for Mr. Ohira to take any part in the campaign for Japan's forthcoming election, for which polling is due to take place on Sunday, June 22, the same day as the summit.

If Mr. Ohira mises both the summit and what remains of the election campaign, be will be under strong pressure to step down from the Premiership. His successor would normally be one of the main faction leaders of the ruling Liberal Democratic Party, but the current line-up within the party makes it hard to guess who will emerge as leader.

Mr. Ohira's predecessor as Prime Minister, Mr. Takeo Fukuda, 75, is a contender despite his advanced age. Also in the running is Mr. Yasuhiro Nakasone, who heads the fourth largest faction of the Liberal Democratic party and has o wide ministerial experience. He bas also served as tha party's secretary general.

Other contenders include Mr. Kiichi Miyazawo, an economist and former Foreign Minister who belongs to the faction led by Prime Minister Ohira, and Mr. Toshio Komoto, a businessman-turned-politician who belongs to the faction led by ex-Premier Miki.

THE LEX COLUMN

Growth points at A. B. Foods

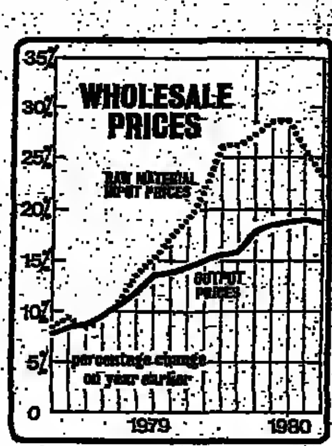
Rapid expansion in UK retailing, together with a recovery in the bakery division and a strong performance in South Africa, are the main factors behind the rise of a quarter in pre-tax profits at Associated British Foods to £98.7m for the year. The contribution from the Australian George Weston Foods has fallen by £600,000, dne to pricing problems in New South Wales and a bread retailing strike in the second half. But o booming economy in South Africa bas increased food consumption there, boosting volume and margins at the Premier Milling subsidiary.

In the UK the company is now seeing returns on its high capital expenditure over the last few years in food retailing: last year £30m out of the total £99m capital expenditure was devoted to food retailing. Trading profits have increased by 40 psr cent to £15.8m and market share is up from 4.2 per cent to 5.2 per cent, mainly through the sddition of 8 per cent or so to selling area.

After a small decline in the first six months, bread consumption seems to have steadied and the group has been able to pusb through a series of price rises on increased volume. The division has made a modest profit after the previous £2m loss and, with the new capacity bought from Spillers now being assimilated, is in a position to make a further advance in the current year. Similarly, while the contribution from milling has moved sideways, the rationalisation of Spillers' production by Dalgety should give ABF a boost here in the current year.

So profits of £110m or more are possible in the current year, with the main uncertainty the amount of conflict in tha current wage round, in which the company's negotiations figure early. ABF is now more interested in making acquisitions than in the past, and while borrowings bave risen 21 per cent, net debt is steady at about a quarter of shareholders funds. The share price rose 5p yesterday to 96p, for a yield of about 5 per cent and a p/e of a little below 9, fully-taxed.

Index rose 5.9 to 434.4



Money markets

After another firm day yesterday, the gilt-edged market approaches this afternoon's banking figures nestling up against the reassuring bulk of the 1994 tap stock. The market bas so far lacked the momentum to make inroads into this issue, and the banking figures—along with the indication for sterling M3 growth in the month to mid-May—will have to be encouraging to provide the necessary impetus. On tha other hand, there is a growing feeling that the figures for the current banking month, which has seen heavy official sales of stock and an apparent easing in credit demand, should be rather good.

There is certainly support from the money market, where the feeling that a cut in official interest rates will not be long delayed is clearly gaining ground. The 12-month rate on sterling certificates of deposit is now around 13¼ per cent, more than a point down on tha levels of a week ago. Taen in conjunction with a present six-month rate of 15¼ per cent, this implies that in December the six-month rate will be down to around 11½ per cent, consistent with a Minimum Lending Rate of 12 per cent or so.

But tha downward movement in CD yields seems to be exaggerated by a shortage of new paper as banks are holding off from the issue of new CDs while rates are still falling rapidly. The end of the corset a week on Wednesday may stimulate issue activity and push yields up again if the banks are able te persuade their corporate customers, who must have shed a fair amount of their unwanted stocks by now, to take on more borrowings.

Dana

The motor component business is under pressure right around the world. Yesterday, Dana Corporation reported third quarter earnings down from $45.4m to $15.6m: the figures would have looked a lot worse but for the consolidation of a major acquisition (made in June 1979) and they do not take account of the costs of recent factory closures. Four plants have been shut and some 3,000 employees laid off in response to a 61 per cent slump in U.S. truck production in recent months.

The leisure market for light trucks, which helped to sustain Dana through the last recession, has taken a severe knock, and the group does not seem to think that this market will ever be quite the same again. However the overseas companies—including Turner and Brown Bros. in the UK—are doing well, and Dana hints at major growth opportunities in its industrial and service activities, which now account for over half its sales.

Cowie/Ewer

George Ewer is to apply "in the next day or so" for Stock Exchange listing of the new shares issued as consideration for the lossmaking company Eastern Tractors. Yet T. Cowie, bidding for tha bidder, is loudly complaining that its claimed 54 per cent stake in Ewer will be diluted to 48 per cent, and the deal will therefore be in breach of the Ewer chairman's assurance several years ago that any issue which altered control would be put to shareholders for approval. Eastern Tractors seems to be growing anxious, and although Ewer says that the Stock Exchange sees no apparent breach the listing application has not been formally considered yet. Yet Cowie is still picking up shares in Ewer, and could soon obtain absolute control, diluted or not.

Wholesale prices

The May wholesale price figures support the view that retail price inflation is now at a peak: the 12-month increase in raw material prices has fallen for three months running and the rate of output price rises has begun to moderate. On ths basis of the recent CBI trends survey, the rise in output prices should slow further as manufacturers find it harder to make price rises stick, and rising labour costs will continue to exert pressure on their profit margins. But at least raw material costs, measured on a six-month basis, are rising more slowly than output prices for the first time in over a year.

Continued from Page 1

Saudis

Algerian Oil Minister, said the maintenance of production at the level of "certain member countries" carried serious dangers for the price of oil. The talks in Algiars would make no sense unless producers extracted no more than their financial needs dictated.

He accepted that the high level of stocks beld by consuming countries was a possibls means of pressure wben demand was relatively depressed. He described the large stocks as "a source of manipulation and speculation."

Nevertheless, Algeria was ni favour of a move to price reunification. Mr. Nabi said the official selling price of Sandi Arabian Light should be raised

Continued from Page 1

BIS urges restrictions

unemployment, the oil exporters' surplus is likely to be more dnrable than it was after the first oil price rise of 1973-74, and the oil importing nations are expected to face increasing problems in financing their deficits.

Consensus with the work force is needed to moderate the inflationary impact of restrictive policies it says. "In tbose countries wbere infistion bas become a way of life, exclusive reliance on monetary policy may lesd to a very severe and protrocted declins in real output before it eventually has a lasting effsct on the rate of price increases."

Tbe BIS welcomes the general switch among Western governmsnts towards anti-inflationary policies. It says, however, that the move has come rather belatedly in the U.S. and has brought sharp swings in interest rates that were a cause of exchange market instability in recent months.

It urges government to carry through anti-inflation measures until the rate of price increases in the industrialised countries falls from the current sverage of around 12.5 per cent, to well below the 7 per cent that was ruling at the end of 1978.

It warns, however, that countries must not try to unload inflation onto others by competitively bolstering their exchange rates in a bid to dampen import price rises. The generalised use of tight monetary policies, together with policies aime dat exchange rate oppreciation, provides potential ingredients for a synchronised deep downturn in the world economy.

The BIS notes that although currency markets have been relatively stable during the past 18 months, several currencies have moved sharply against the trend of relative inflation rates. Unless inflation differentials are narrowed, it says exchange rate pressures could flare up again.

Weather

U KTODAY

MAINLY CLOUDY over most of England and S. Wales with outhreaks of rain particularly in the South; sbowers and sunny intervals in N. England, N. Wales, Scotland and N. Ireland. Cool in S. East, warm in parts of N. West. Max. temps 13C (55F)—18c (64F).

Outlook: Outbreaks of rain or showers, bright intervals, normal termperatures but cool in the East.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	20	68	L. Plma.	F	22	72
Athens	F	24	75	Lisbon	R	17	63
Bahrain	S	34	93	London	C	15	66
Barcina.	F	19	66	Luxmbg.	C	18	64
Belfast	R	13	55	Madrid	C	21	70
Belgrd.	F	25	77	Majorca	F	22	72
Berlin	F	26	79	Malaga	F	27	81
Biarritz	C	18	64	Malta	C	23	73
Blackp'l	F	19	66	Mchstr.	F	19	66
Bordeax.	C	16	61	Melbne.	R	5	46
Bristol	C	15	59	M'atreal	C	7	46
Brussels	R	14	57	Moscow	F	26	78
B. Aires	C	16	61	Munich	F	20	68
Cairo	S	31	88	Nairobi	C	15	61
Cardiff	C	15	59	Naples	C	20	68
Cape T.	S	16	61	Nwcstl.	F	15	61
Chicago	S	15	66	N. York	C	18	61
Cologne	F	22	72	Nice	C	18	66
Cpnhga.	F	23	73	Oslo	C	22	72
Dublin	R	13	55	Paris	F	21	70
Ednbgh.	F	16	61	Perth	S	14	57
Florence	R	17	63	Rio J'o	S	25	77
Geneva	C	18	64	Rome	C	22	72
Gibrltr.	F	21	70	Singapr.	C	31	88
Glasgow	C	16	61	Stckhm.	S	25	77
G'nsey	C	15	59	Sydney	S	18	66
H. Kong	S	31	88	Tehran	S	28	82
Innsbrk.	F	24	75	Tokyo	R	23	73
Invrnss.	C	16	61	Toronto	C	4	39
I.o.Man	F	15	59	Venice	C	18	66
Jersey	C	16	61	Vienna	F	24	75
Jo'burg	S	17	63				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

British Gas staff settle 'for 25%'

BY NICK GARNETT, LABOUR STAFF

BRITISH GAS has concluded s pay deal with its white-collar staff which union negotiators say is worth sbont 25 per cent in total.

The deal, affecting 58,000 administrative and technical workers, illustrates the variations in public sector pay rises despite tha operation of cash limits.

It involves a 19-20 per cent increase in salaries, together with an extra day's leave. The settlement data has also been brought forward one month to Juns 1.

British Gas, which declined yesterday to confirm the 25 per cent figure, is capital intensive. Only about one-fifth of total operating costs is accounted for by payments to its workforce, in contrast to some other public corporations.

It is also highly profitable. The Government last year fixed a three-year programme of cash limits but these are now being readjusted, partly to compensatefor the recent levy it plsced on gas bought by the corporation.

With the increase, salaries which ranged from £3,028 to £8,775 will now be worth £3,603 to £10,530.

Although the settlement is due to run for 12 months, negotiators for the National and Local Government Officers Association, which represents more than 45,000 o fthe staff, say they are comitted to bringing the date forward to January. This would bring it in line with the manual workers' settlement.

Though there is no formal productivity change, management and the union have agreed guidelines for negotiating the introduction of new and replacement equipment at regional level.

The union committed itself three years ago to co-operate with the introduction of new equipment, but halted this policy two months ago.

That embargo has been lifted but this year's annual pay agreement does not include any formal advance on new technology.

NHS clerical staff, Page 10

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